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# STATEMENT OF REQUIREMENTS PAYROLL~PERSONNEL SYSTEM DEVELOPMENT



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## CITY AND COUNTY OF SAN FRANCISCO

JOHN C. FARRELL  
CONTROLLER

APRIL 1982

JANE IRWIN  
PAYROLL DIRECTOR



PAYROLL/PERSONNEL SYSTEM DEVELOPMENT  
FUNCTIONAL REQUIREMENTS



March 25, 1982

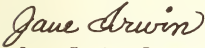
To: John C. Farrell, Controller  
John J. Walsh, General Manager, Personnel  
Daniel Mattrocce, General Manager, Retirement System  
Randall B. Smith, Director, Health Service System

I am presenting to you the functional system requirements for a new computerized Payroll/Personnel System for the City and County of San Francisco. This document has been prepared by the Payroll/Personnel Project staff under the direction of Michael LaBrie, Project Manager.

Space is provided within the document for your comments and any questions you may want answered before granting your final approval. You may indicate your approval of the document by signing the signature page at the beginning of the report.

I would appreciate receiving your comments, questions, and approvals by April 16, 1982.

Respectfully submitted,



Jane Irwin, Director  
Payroll Division

Attachment



## MANAGEMENT OVERVIEW

This document is intended to serve as an instrument for achieving consensus on the requirements for an automated payroll/personnel system for the City and County of San Francisco.

The requirements have been derived from investigation and research by project staff into the strengths and weaknesses of the current payroll process and the services which the users require in a contemporary payroll/personel system.

The present payroll process involves much manual effort, makes limited use of automation and is dangerously obsolete. Because of this, the project's primary objective is to deliver a system which will pay employees accurately and on a timely basis for all work performed.

Additional objectives are in the areas of major personnel functions, benefits processing, payroll accounting, position control, labor distribution, and specialized personnel information processing.

To accomplish these objectives, a wide range of requirements have been identified and addressed.

1. Time reporting must be simplified and streamlined to facilitate both departmental time reporting and conversion of the data to computer-readable form.
2. Employee master file updating must be performed separately from time reporting to insure that employee data is accurate and up-to-date.

3. Calculation of gross pay must be automated, based upon hours whenever possible, and should include all premium and special pay.
4. All taxes and deductions must be accurately computed and tracked, including garnishments, to facilitate reporting to the employee and to over 150 deduction organizations. The warrant stub should be the primary medium for reporting pay-related data to the employee.
5. The system must provide full capability to process all types of payroll-related adjustments.
6. Labor distribution support must be provided, to the extent compatible with the primary objective, to facilitate FAMIS and MBO financial and management reporting.
7. Retirement plan membership must be identified and all types of retirement deductions automatically processed. Deduction information and paid service hours must be provided to the Retirement System.
8. Health Service plan membership must be identified and all related deductions automatically processed. This information must be provided to the Health Service System.
9. Comprehensive personnel information must be maintained on each employee. This data must be sufficient to support Civil Service responsibilities across the full range of employee actions and in the areas of audit, classification, position control and EEO reporting. Support must also be provided to the extent possible in performance evaluation, labor relations and skills inventory.
10. Automatic maintenance of vacation and sick leave balances must be provided as well as limited support for floating holiday and compensatory time tracking.



11. A special history file must be provided which is capable of holding extensive information about each employee's career with the City and County. Historical information includes pay history and changes to status, classification and essential personnel dates.

To effectively implement and maintain the new system, the Payroll Director will develop an organization plan which will consolidate payroll and personnel processing functions within one division. The new division will fully support all functions performed by the new Payroll/Personnel System and will offer expanded services to departments and employees.

The system will be operated at the Controller's Data Processing Center and will provide limited online processing to the new operating division upon implementation. It will be expected to meet the highest standards of technical quality and documentation, and will satisfy requirements for security, privacy, backup and recovery.

Upon endorsement of this Statement of Requirements, the project staff will proceed with evaluation and selection of a payroll/personnel system to serve as the vehicle for meeting the City's requirements.

ENDORSEMENT

The intent of the signatures below is to endorse the requirements defined in this document for a new Payroll/Personnel System. These endorsements do not alter any powers or duties mandated by the City and County of San Francisco Charter or adopted ordinances.

---

John C. Farrell  
Controller

---

Daniel Mattrocce  
General Manager,  
Employees' Retirement System

---

John J. Walsh  
General Manager,  
Personnel

---

Randall B. Smith  
Executive Director,  
Health Service System

The Statement of Requirements for Payroll/Personnel System Development is a product of the project staff listed below. Information for this document was obtained through the following means:

- o Departmental interviews
- o In-depth interviews with key personnel with the Controller's Office, Electronic Data Processing, Civil Service, the Retirement System, and the Health Service System
- o Evaluation of departmental forms and files used for payroll and personnel functions
- o Analysis of documents used by Controller's Payroll
- o Analysis of legal documents specifying payroll and personnel functions for the City and County of San Francisco.

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## TABLE OF CONTENTS

I. INTRODUCTION	
A. Preface . . . . .	13
B. Current Payroll Process Overview . . . . .	19
II. PROJECT BACKGROUND, PRIORITIES AND OBJECTIVES	
A. Payroll/Personnel Project Background . . . . .	26
B. Project Priorities and Objectives	
1. Priorities . . . . .	33
2. Objectives . . . . .	35
3. Project Scope . . . . .	37
4. Statement of Assumptions . . . . .	39
5. Definition of Terms . . . . .	41
6. Acknowledgements . . . . .	42
III. REQUIREMENTS BY FUNCTIONAL AREA	
A. Payroll	
1. Time Reporting . . . . .	45
2. Gross Pay Calculation . . . . .	58
3. Taxes and Deductions	
a. Introduction . . . . .	70
b. Functional Requirements -- General. . . . .	74
c. Data Requirements -- General. . . . .	82
d. Reporting Requirements -- General . . . . .	84
e. Constraints -- General. . . . .	90
f. Implementation Priorities -- General. . . . .	91
g. Social Security (FICA) Deductions . . . . .	93
h. Federal Withholding Deductions. . . . .	97
i. State Withholding Deductions. . . . .	105
j. State Disability Insurance -- SDI . . . . .	109
k. Earned Income Credit. . . . .	113
l. Deferred Compensation . . . . .	117
m. Judges' State Health Plan Deductions. . . . .	124

n.	Wage Assignments and Garnishments . . .	127
o.	Maintenance Deductions. . . . .	137
p.	Voluntary Deductions. . . . .	140
q.	U. S. Savings Bonds . . . . .	143
4.	Warrant Issuance . . . . .	150
5.	Payroll Audits and Controls. . . . .	162
6.	Payroll Interface to FAMIS . . . . .	174
7.	Payroll Adjustments. . . . .	192
B.	Retirement. . . . .	205
C.	Health Service System . . . . .	224
D.	Labor Distribution. . . . .	235
E.	Personnel	
1.	Personnel Actions. . . . .	250
2.	Personnel Audit. . . . .	260
3.	Classification . . . . .	265
4.	Position Control . . . . .	271
5.	Equal Employment Opportunity Reporting . . .	277
6.	Performance Evaluation Notifications . . .	284
7.	Labor Relations. . . . .	290
8.	Skills Inventory . . . . .	298
F.	Vacation and Sick Leave Hours Accounting	
1.	Vacation . . . . .	303
2.	Sick Leave With Pay. . . . .	321
3.	Floating Holidays. . . . .	337
4.	Compensatory Time Off. . . . .	343
G.	Payroll/Personnel System Historical Data. . . . .	348
IV.	PAYROLL/PERSONNEL OPERATIONS . . . . .	355
V.	DATA PROCESSING/TECHNICAL REQUIREMENTS	
A.	Overview of Data Processing Environment . . . . .	361
B.	Program Code Requirements . . . . .	365
C.	Flexibility and Maintenance . . . . .	367
D.	Online System Requirements. . . . .	371
E.	Security and Privacy. . . . .	373
F.	Input/Output. . . . .	374

G.	Operations Requirements . . . . .	376
H.	Data Entry Requirements . . . . .	378
I.	Backup and Recovery . . . . .	380
J.	Physical Requirements . . . . .	382
K.	Documentation Requirements. . . . .	383
L.	Training and Turnover Requirements. . . . .	388

#### VI. WORK PLAN AND TIMETABLE FOR NEXT PROJECT PHASE

A.	Evaluation of Payroll/Personnel System Software .	392
B.	Final Evaluation and Selection of Software. . . .	393

Glossary

Bibliography

Appendix

## I. INTRODUCTION



## A. PREFACE

The Payroll/Personnel system being developed by the Controller's Payroll Division must meet the needs of a complex and disparate governmental organization. San Francisco is governed by a consolidated city/county government which requires the delivery of a wider variety of services and a broader range of skills to deliver these services than many other municipalities.

The City and County of San Francisco consists of over 50 separate departments with a work force of close to 30,000. The departments range in size from fewer than 10 employees to more than 3000. These departments deliver a wide variety of services including supporting educational, judicial, medical, and social services institutions; providing police, fire, and public transit services; and administering museums, libraries, and recreational facilities. Additionally, there are a wide variety of administrative functions required to support and manage the delivery of these services to the public. The diversity of the services and functions provided creates countless idiosyncrasies in the areas of pay, benefits, and payroll/personnel policies and procedures. In this environment a centrally administered payroll/personnel system must be flexible and responsive if it is to perform effectively for all who depend on it.

The skilled and dedicated work force required to effectively deliver this wide variety of services to the public deserves to be provided with timely and accurate pay, benefits, and other payroll/personnel related services. A modern payroll/personnel system is critical to the City's efforts to acquire, develop, manage, and service its work force.

Currently, four departments have the primary responsibility for the administration and delivery of payroll/personnel services:

Controller's Office

Civil Service

Employees' Retirement System

Health Service System.

The functions of each of these departments are as follows:

#### CONTROLLER'S OFFICE

Charter Section 8.400 and Administrative Code Section 18 specify the fundamental payroll responsibilities and functions to be performed.

1. Establish policies and procedures for processing pay.
2. Pre-audit over 25,000 timerolls annually to ensure the accuracy of employee gross pay.
3. Assign employee identification numbers.
4. Process and submit payroll tax information to the State and Federal governments.
5. Maintain detailed voluntary deduction information and issue payments to over 150 third-party deduction vendors.
6. Provide detailed pay information to the Retirement and Health Service systems.
7. Certify the availability of funds in departmental appropriation accounts for payroll and fringe benefit payments to be made.

8. Create accounting entries charging departmental appropriation accounts for total payroll costs.
9. Issue W-2's to employees at year end.
10. Perform all data processing functions required to generate timerolls, payrolls, and warrants.
11. Release payrolls and warrants to departments for distribution of checks to employees.
12. Perform the City's S.D.I. and S.U.I. processing.

During fiscal year 1981-82 the Controller's Office will process over 1,000,000 pay warrants representing over \$700,000,000. in gross wages and benefits.

#### CIVIL SERVICE

Under Charter Section 3.661, the Civil Service Commission is the employment and personnel department of the City and County of San Francisco and is required to perform the following functions:

1. Adopt rules governing applications for employment, examinations, eligibility, duration of lists, certification of eligibles, appointments, promotions, transfers, resignations, lay-offs, filling of positions, and classification.
2. Establish regulations for certifying the appropriate employee organization to represent employees grouped by class into bargaining units.
3. Investigate charges of unfair labor practices.

4. Conduct salary surveys within private and public jurisdictions as a basis for setting rates of pay for City employees.
5. Establish and maintain the classification plan and allocate positions to various classes within the plan.
6. Manage all aspects of the City's Affirmative Action plan.
7. Audit and certify all timerolls submitted by every City and County department to ensure that all persons to be paid have been legally appointed.
8. Maintain employee personnel history records.
9. Maintain employee records of sick and vacation leave benefits.
10. Provide training programs and administer the employee performance evaluation program.

During fiscal year 1980-81, Civil Service processed over 8000 appointment transactions and over 4000 separations.

#### EMPLOYEES' RETIREMENT SYSTEM

Charter Sections 3.660 - 3.674, 8.500 - 8.588-15, and Administrative Code sections 8.3, 16.47, 16.55-56 specify the responsibilities and functions of the Employees' Retirement System. Among its many functions are the following:

1. Administer six different pension plans for City employees.
2. Administer the investment of pension funds.

3. Issue retirement benefit payments to former City and County employees or their beneficiaries.
4. Perform actuarial studies.
5. Determine pension plan contribution rates.
6. Administer the City's Workers Compensation plan.
7. Administer the City's Deferred Compensation plan.
8. Maintain detailed records of service credits and covered gross earnings for all employees who belong to City pension plans.
9. Act as the official custodian of City payroll records.
10. Provide pre-retirement counseling to City employees.

#### HEALTH SERVICE SYSTEM

Charter Sections 3.680 - 3.682, and 8.420 - 8.432 specify the responsibilities of the Health Service System. Among their functions are the following:

1. Administer five health plans for City employees.
2. Process medical claims submitted by employee members.
3. Establish employee and employer health plan contribution rates.

4. Manage health plan enrollment procedures.

5. Perform extensive reporting to health plan contractors.

Over 25,000 current City employees belong to health plans offered by the Health Service System. Total membership including dependents, surviving spouses, and retirees exceeds 70,000. During the fiscal year, Health Service will process over 130,000 medical claims.

## B. CURRENT PAYROLL PROCESS OVERVIEW

All City and County employees are paid on a biweekly pay schedule except certificated employees of the Unified School District and Community College District and Superior Court personnel who are paid on a monthly schedule.

Because the payroll process is largely manual, the processing of pay documents must be distributed each pay period among ten separate pay cycles. The first cycle begins four working days before the end of each pay period and the last cycle begins six working days after the end of the pay period. Employees paid monthly are processed on two additional pay cycles.

All City departments are assigned to one or more pay processing cycles. Normally, permanent employees are processed during the earlier cycles while temporary employees are processed during the later cycles. The standard processing cycles exist to process only employees' regular or normal pay. Special payments, such as for overtime, holidays, refunds, and in-lieu-of vacation pay, have been processed on irregular schedules as time permits.

Those departments which are scheduled to submit pay documents before the end of the pay period can do so only by anticipating employees' time through the end of the pay period. The practice of anticipating employee time worked produces a large volume of hours and earnings adjustments which must be recorded on pay documents in subsequent pay periods. Processing these adjustments imposes an additional burden on departmental timekeepers, greatly complicates pay processing within the Controller's Office, and creates hardships for employees who may be over or under paid.

Payrolls and warrants for regular pay are generally ready for distribution to a department five working days after the documents authorizing pay are submitted to the Controller's Office. Each department is responsible for any additional sorting of warrants before distributing them to employees.

To authorize pay, a department prepares, signs, and submits to the Controller a timeroll. The timeroll exists in a wide variety of formats depending on the specific form of pay it authorizes. During Fiscal Year 1981-82 the Controller's Payroll Division will process over 25,000 timerolls. The City uses the following types of timerolls:

Muni Platform	Overtime Plated
Misc. 3-part	Overtime Write-in
Misc. 4-part	Supplemental
Cancellation	Revolving Fund
Juror	Disability Roll
In Lieu - Vacation Pay	PUC - Computer Printed
In Lieu - Sick Pay	SFGH - Computer Printed
Retirement Medical P/R	Special Duty Nurses
Court Reporter Transcription	Refunds
	Reissue

To generate regular pay for employees, departments must submit separate timerolls for each of the categories of employees listed below:

- Permanent with City Retirement
- Permanent with State Retirement
- Temporary with City Retirement
- Temporary with State retirement
- Temporary with no Retirement
- Non Civil Service with City Retirement
- Non Civil Service with State Retirement
- Non Civil Service with no Retirement
- CETA

A timeroll is commonly described as "plated" or "write-in". A plated Timeroll contains most or all standard employee pay information pre-printed on the roll. Write-in rolls are blank; employee pay information must be entered manually.



On a plated timeroll, the following information is normally pre-printed for each employee on the roll:

- File sequence number
- Employee number
- Employee name
- Civil Service class
- Biweekly rate of pay
- Payroll tax codes
- Retirement rate
- S.D.I. eligibility code.

In addition, the department number and name, period end date, pay period number, pay group number, labor distribution codes, and salary section numbers are printed at the head of the roll. At the end of the plated roll, standard roll totals are pre-printed for salary rate and deduction categories. These totals are used by the Controller's Payroll Division to balance the timeroll.

#### Payroll System Software

The Controller's Office actually maintains two payroll systems: the Daily Payroll System which pays almost all City employees, and the M.S.A. Payroll System which pays the employees of the Recreation and Parks Department. The payroll system characteristics described below pertain only to the Daily Payroll System. The M.S.A. system is currently being evaluated for use City-wide.

The Daily Payroll System was developed nearly 20 years ago for an environment very unlike today's. As the City's payroll needs changed over the years, programs were developed to meet those needs and patched into the overall system. The most recent addition to the payroll system was the capability to take payroll deductions for State Disability Insurance. Because of the system's advanced age, complexity, design limitations, and lack of precise documentation, system maintenance is extremely difficult and costly. And for the same reasons, changes or enhancements to the system are made at considerable risk.

The payroll system performs limited payroll functions only; it performs no personnel or management information functions. The system has no true masterfile with comprehensive employee payroll data and accumulations stored on it. Instead, the system operates with a Timeroll Master File containing only essential departmental and employee pay data. It is the Timeroll Master File from which plated timerolls are printed. The overall system contains several sub-systems which perform specialized payroll functions:

Voluntary Deductions and Savings Bonds  
Earnings and Taxes  
Deferred Compensation  
Payroll Interface to FAMIS.

Employee gross pay is not calculated from the input of paid hours. Instead, the employee's normal gross pay is plated or manually calculated. The system has no capability to accumulate or otherwise process an employee's paid or unpaid hours. Additionally, the system has many limitations in its ability to process payroll taxes, voluntary deductions, pension deductions, and labor distribution/accounting data.

### Timeroll Processing

1. Department payroll office receives 3-part plated timerolls from the Controller's Office.
2. Department manually posts employee hours, records changes to plated information, indicates adjustments, manually adds new employees not shown on the roll and deletes employees who are not to be paid. The department distributes the original timeroll to Civil Service, a copy to the Controller's Payroll Division, and retains the last copy.
3. The Civil Service Timeroll Audit section verifies employee sick and vacation usage and posts usage to an employee pay card. Also verified are the legality of the employee's appointment, rate-of-pay, and salary step increase. Controller's Payroll will be notified if a "hold" is to be placed on an employee's pay warrant.

4. Controller's Payroll Division receives its copy of the timeroll and enters essential roll information in a log.
5. Timeroll auditors process the roll for garnishments and enter adjustments if gross pay is insufficient to take the deduction; gross-to-net amounts for employees not being paid are manually backed out; gross pay is re-calculated if total hours paid are fewer than 80; adjustments to deductions are calculated and posted; and totals at the end of the roll are re-calculated. The roll is finally logged out to Payroll Controll, Controller's E.D.P.
6. Payroll Control logs-in the roll and submits it to data entry. Since the payroll system is "card driven", all pay changes on the roll are key punched and punched cards are sight-checked for accuracy. The punched cards are placed in a tray in file sequence order by pay period. These cards are used as input to the pre-auditing programs of the payroll system. After pre-audit, errors are detected, analyzed, and corrected, and the cards are processed again. Once all errors are corrected, the cards serve as input to generate the payroll and warrants.
7. The E.D.P. payment process produces the following products:
  - A Payroll in triplicate
  - Totals Card
  - Payroll Warrants
  - Payroll/FAMIS interface tape.
8. The Controller's Payroll Division receives from E.D.P. Payroll Control the timeroll copy, the payroll, and the totals cards. The Payroll Division compares the payroll and totals cards with the timeroll, and records tax deduction data from the totals card. The payroll original and one copy are returned to E.D.P. The timeroll copy is sent to Civil Service Timeroll Audit.
9. Civil Service Timeroll Audit receives the timeroll copy and transfers to it any corrections or "holds" from its original. Any corrections on the Controller's copy are likewise posted to the original. The Controller's copy is then signed by Civil Service and returned to the Controller's Payroll Division.

10. E.D.P. receives the Payroll original and one copy. The Payroll copy and warrants are delivered to the Payroll Division. E.D.P. signs the payroll original and delivers it to the Controller's Fund Verification Unit.
11. After the funds are verified, the payroll original is sent to the Payroll Division.
12. Once the Payroll Division receives the payroll copy and warrants from E.D.P. and the timeroll copy signed by Civil Service, the warrants for regular pay and a payroll copy can be released to the department. To release overtime pay, however, the Payroll Division must also receive an approved payroll original from the Fund Verification Unit.
13. After the payroll is released to the department, the Controller's Payroll Division files the payroll original and sends the third payroll copy to the Retirement System.
14. If the timeroll contains changes to plated data, the roll is returned to E.D.P. Payroll Control to update the timeroll master file.
15. The timeroll update process produces a new timeroll master file, a new file sequence register, and the new timerolls for departmental use. However, the timerolls are always based on updates submitted a pay period earlier.

## II. PROJECT BACKGROUND, PRIORITIES AND OBJECTIVES

## A. PAYROLL/PERSONNEL PROJECT BACKGROUND

The history of events leading to the establishment of the Payroll/Personnel Project contains several key developments, including an astute assessment of payroll development issues written after the 1978 implementation of the M.S.A. payroll system; the 1979 evaluation of the City's payroll operations by the Mayor's Fiscal Advisory Committee; and Coopers & Lybrand's 1980 evaluation of departmental payroll operations and its general description of payroll requirements.

The original assessment of payroll development issues was written by Judy Johnston of Controller's E.D.P. in October, 1978, after the July implementation of the M.S.A. payroll system in the Recreation and Parks Department. A new payroll system was viewed as a necessary adjunct to the newly installed F.I.R.M. system, an elaborate financial accounting and management information system. A modern payroll system, it was expected, would provide F.I.R.M. with comprehensive labor distribution data and thus support the City's need to improve management of its resources and deliver governmental services more effectively.

The Recreation and Park Department served as the pilot department for the joint implementation of M.S.A. payroll and F.I.R.M. The managers of this complex implementation project assumed that once the pilot effort proved successful, M.S.A. system implementations would continue for all other City departments. However, during this pilot project the implementation management encountered a complex set of organizational, operational, and technical issues which would have to be resolved before a modern payroll system could be developed and put into service City wide. The assessment of payroll system development written in October 1978 included a description of the broad

issues facing payroll development, specific problems encountered during the Recreation and Parks project, and recommendations for creating a framework in which these issues and problems could be resolved. It is worth mentioning these issues and recommendations briefly since they are as relevant today as they were then.

Those seeking to develop a payroll system capable of meeting the City's varied needs would have to resolve the following issues:

1. Payroll functions and payroll system development would have to be viewed separately from accounting and financial management information needs. Replacement of the existing payroll process would need to be given high priority by the City's executive management.
2. Management responsibility for payroll operations and development would have to be consolidated in order to develop policies, set priorities, and make decisions effectively.
3. Before a system could be developed to perform a wide variety of payroll functions within a City organization having such varied needs and expectations, those responsible for payroll development would have to define payroll system goals, objectives, and processing requirements very clearly and thoroughly.
4. Successful payroll system development would require a commitment of resources to develop the product and put it in operation. These resources would consist of people, materials, machines, and money. In addition, the costs of feeding information to other systems and the costs of processing a much wider variety of data would have to be evaluated and decisions made affecting the design and scope of a new system.
5. Technical development would have to be preceded by the resolution of several major policy and procedure issues:
  - Anticipated Pay
  - Pay Period and Pay Processing Cycles
  - Sick and Vacation Leave Accrual Policies
  - Extent of Voluntary Deduction Processing
  - Fiscal Year End Processing.

6. Before decisions could be made concerning labor distribution functions performed by payroll, the concept would have to be defined precisely and the impact of labor distribution processing on other payroll functions carefully evaluated.

Four recommendations were made for resolving these issues and moving ahead with payroll system development:

1. Establish a Payroll Steering Committee to develop policies, objectives, set broad priorities, and make major decisions. This group would consist of representatives of the departments primarily responsible for payroll:
  - Controller's Office
  - Civil Service
  - Retirement System
  - Health Service System.
2. Appoint a Payroll System Development Manager to take responsibility for system development and implementation, and carry out the directives of the Steering Committee.
3. Establish a Payroll Project Team to develop the detailed system requirements, evaluate software, and perform system analysis, design, programming, testing and user training.
4. Adopt a systems approach to project development. Complete all the necessary groundwork before an attempt is made to implement a new system.

This assessment of issues and recommendations was endorsed by the F.I.R.M. Payroll Committee and became a more formal point-of-view for the direction payroll development should follow.



In early 1979 the City's effort toward payroll system development was given further impetus by the involvement of the Mayor's Fiscal Advisory Committee. This committee, which consisted of executives from many corporations in San Francisco, had been formed in 1978 to develop specific solutions to various City management problems. The committee quickly discovered that the City's payroll process was a major source of management and employee problems. As a result the committee formed the Payroll Task Group under the direction of Mr. Roy C. Nordman of Coopers & Lybrand. The Payroll Task Group spent six months evaluating the City's overall need for a new payroll system, analyzing the problems of payroll operations within City departments, and preparing recommendations for alleviating these problems.

The Payroll Task Group's report, issued in July, 1979, documented the extent, impact and severity of payroll problems experienced by City administrators, managers, and employees. To underscore the need for immediate action, the Payroll Task Group warned that the current payroll system "would probably not be able to cope with any significant growth in the City employee population... and would have difficulty adjusting to further City, State, or Federal reporting or withholding changes." The report continued, "the City is playing Russian Roulette every time it adds a deduction or changes a calculation."

The Task Group's action plan consisted of three ingredients:

1. Appoint a Payroll Director to serve as the "central authority in payroll matters."
2. Appoint a Project Director to provide technical support to the Payroll Director.
3. Begin projects to streamline central payroll procedures within the Controller's Payroll Division, eliminate anticipated pay processing and simplify departmental payroll procedures, and prepare plans for new system development.

In addition to focusing the attention of the City's executive management on the shortcomings of the City's payroll process and the need to place a high priority on payroll process improvements, the Mayor's Fiscal Advisory Committee report most importantly validated the view that meaningful progress had to come through the direction of a central management authority for payroll matters - the Payroll Director. An additional contribution by the Committee was the view that capable and responsive payroll management could make progress by moving on two fronts --improved staff organization, supervision, and more effective processing procedures could improve the delivery of payroll services from the current system; and this effort would buy time to complete the necessary groundwork for new system development.

The City responded to the Committee's action plan by beginning a search for a Payroll Director and a Payroll Project Manager. In addition, Coopers & Lybrand, at the request of City Controller John C. Farrell and with the cooperation of the Mayor's Office, began a project to develop a method for evaluating departmental payroll operations and to develop a preliminary definition of payroll system requirements. By the time the Coopers & Lybrand report was published in April 1980, the Controller's Office had hired Michael LaBrie as the Payroll Project Manager. The Coopers & Lybrand studies gave the project manager the framework in which to explore possibilities for departmental payroll improvements and a comprehensive description of new system functions which would need concentrated analysis. During 1980 the Mayor's Fiscal Advisory Committee provided pro bono support to the payroll project manager. Ms. Irma Gonzalez from Bank of America and Mr. Jack Kiernan from Pacific Gas & Electric Company performed a considerable amount of original research and analysis which was further developed by the Payroll Project Staff in 1981.

In January, 1981, the Controller hired the City's first Payroll Director, Ms. Jane Irwin. During the past 15 months the Payroll Director has instituted and managed programs to re-build the existing payroll operations and to acquire a project staff exclusively dedicated to new system development.

In the area of Payroll Operations, the Payroll Director has achieved the following results:

Formed a Payroll/Personnel Management Team consisting of the Payroll Director and management representatives from Civil Service, Retirement, Health Service, and Controller's E.D.P. This group coordinates processing activities, resolves mutual problems, and develops long-term goals.

Hired a Payroll Operations Manager, a Payroll Methods and Procedures Specialist, and a Payroll Processing Supervisor.

Implemented a timekeepers' training program to train departmental timekeepers in S.D.I. and vacation accrual procedures.

Installed the Payroll Hot-Line to speed up and simplify the resolution of departmental payroll processing problems.

Issued a series of payroll/personnel procedures to instruct departmental timekeepers in proper processing methods.

Formed the Timekeepers Task Force to assist in the improvement of payroll operations and to advise the Payroll/Personnel System Development staff.

Reorganized the payroll release function to speed up the delivery of paychecks to departments.

Documented processing procedures throughout the Payroll Division to support cross-training of employees and simplification of work.

Implemented significant changes to the current payroll system to process State Disability Insurance and Agency Shop payroll deductions.

In the area of Payroll/Personnel System Development, the Payroll Director and Project Manager have achieved the following results:

Formed a Users Advisory Group consisting of senior management representatives from operating departments, organized labor, and the private sector. This group reviews system development progress and advises the project manager on goals and priorities.

Formed the Personnel Task Force consisting of Personnel Officers from selected operating departments. This group advises the project staff on specific personnel functions which the new system should perform.

Hired a project staff of 7 analysts who specialize in the payroll, personnel, and data processing facets of the project.

Acquired a project work site at 1212 Market Street which allows the project staff and the Payroll Division management to work as a team.

Developed a project life cycle plan describing the stages of system development and a general timetable for proceeding through the life cycle.

Initiated the Payroll/Personnel System Requirements Study and the software selection process.

With the completion of the Requirements Study, the project staff will move rapidly to complete the software selection process and prepare for software design, programming and system testing.

## B. PROJECT PRIORITIES AND OBJECTIVES

### 1. PRIORITIES

Since its inception the project's primary goal and highest priority has been to deliver a system which will pay employees accurately and on a timely basis for all work performed. All other functions are subordinate to "getting people paid".

Although the delivery of payroll services to employees is paramount, we must recognize that a business function as crucial to an organization as payroll must meet other needs as well.

First, many payroll functions are intertwined with major personnel functions. Hiring, promotions, re-assignments, separations, wage increases and protection of employment rights, for example, are personnel management functions which can be performed effectively only through close cooperation with payroll.

Second, an organization compensates its employees with salary and benefits. Benefits take the form of pension plans, medical insurance plans, and investment and savings opportunities which are available to employees through various kinds of support provided by the employer. In the broad sense, the employer's administrative support of the employees' participation in associations of various types constitutes a benefit. Because of its role in processing deductions and supplying benefit related management information, payroll becomes, in part, a benefits administration system.

Third, since an organization's chief expense is the cost of labor, a well-managed organization must carefully plan and account for this expense. In this sense a payroll system is a major accounting and position budgeting system.

Fourth, an organization which exists to provide services or products must have the ability to direct its resources to ever-changing goals and objectives and the means to evaluate its performance. In this respect payroll performs a major labor distribution and management information function.

Generally stated, the project's priorities in descending order are:

1. Pay Processing Functions
2. Payroll-Related Personnel Functions
3. Benefits Administration
4. Payroll Accounting and Position Control
5. Labor Distribution and Management Information Functions
6. Specialized Personnel Information Processing.

While the system requirements address each of these aspects of payroll, priorities will be reflected by the extent to which functions within these facets of payroll are designated "requirements".

## 2. OBJECTIVES

The objectives listed below reflect what we believe are reasonable expectations of performance by the new payroll/personnel system.

1. Combine payroll and personnel information on one system masterfile.
2. Each pay period, calculate all types of employee earnings simultaneously.
3. Print comprehensive earnings and deduction information on employee pay stubs.
4. Automate the calculation of gross pay.
5. Automate the tracking of accruals, awards and use of paid leave.
6. Reduce the variety of time reporting documents required to generate pay.
7. Reduce the number of pay processing cycles required each pay period.
8. Make payroll deduction changes quickly and accurately.
9. Increase the automation of retroactive pay processing.

10. Automate the mass change of pay rates, health plan and pension plan deduction rates.
11. Provide alternatives to paper for system reports.
12. Fully automate the interface between the payroll system and FAMIS.
13. Provide the tools to issue "emergency" warrants.
14. Provide a report generator which can retrieve any data stored by the system.
15. Minimize system maintenance which must be performed by programmers.
16. Provide a system capability to store historical information.
17. Provide a system designed to support ease of change and enhancement.



### 3. PROJECT SCOPE

The Payroll/Personnel Project scope can be defined by the functions or organization units excluded from consideration.

#### EXCLUSIONS

1. The Payroll/Personnel System will not perform any processing functions for or develop a system interface with the San Francisco Unified School District.
2. The project staff will not implement an Applicant Tracking capability as part of the system. However, the project staff will take this function into consideration during the software selection process.
3. The system will not perform functions related to the preparation and grading of Civil Service examinations.
4. The system will not perform actuarial or investment analyses for the Retirement System.
5. The system will not perform processing functions for the certificated employees of the Community College District, EXCEPT for the printing and signing of paychecks.
6. The system will not calculate sick leave accrued and vacation leave awards for the uniformed employees of the Fire Department.

7. The system's history files will not include data from time periods prior to the system's implementation date.
8. The system will not calculate and generate routine FAMIS transactions for accrued vacation or sick leave liabilities.
9. The project team will not develop programs which function as a system interface with departmental time collection systems. Departments wishing to install such an interface must meet all specifications and conditions set by the Payroll Director.

#### 4. STATEMENT OF ASSUMPTIONS

The process of changing from an old system to a new one often reveals unstated assumptions about the nature or extent of change. If "hidden" assumptions do not become evident to users until the new system goes into operation, the sudden discovery can jeopardize the entire process of change, or, at a minimum, generate confusion and resistance. While users can reasonably infer some assumptions from the system requirements and system design documents, we believe that for clarity assumptions should be stated by those making them and not left for speculation.

1. Time reporting will consist of reporting only an employee's actual hours worked and not worked. Actual hours will be reported on a positive or exception basis.
2. The timeroll and payroll documents will not exist in their current formats.
3. Time reporting documents will serve only that function and will not be used for making changes to the system's masterfile.
4. Pay warrants will be "soft" warrants.
5. Civil Service Timeroll Audit will perform its functions without physically handling time reporting documents.
6. Muni Railway payroll will no longer generate its existing timerolls containing calculated gross pay.
7. The Port payroll will be processed by the central payroll/personnel system.

8. The system will not perform processing for any employees of the Unified School District nor for the certificated employees of the Community College District.
9. Controller's Payroll Division will consolidate all processing phases within one location except computer operations, large volume data entry, pay check signing, and fund verification.
10. The employee's Social Security number will serve as the employee's identification number for payroll/personnel purposes.
11. The project staff will select a commercially available payroll/personnel package as the vehicle for meeting City requirements.

## 5. DEFINITION OF TERMS

### REQUIREMENT

The term "requirement" describes essential and mandatory functions which the payroll/personnel system will perform or accommodate at the moment the system is first implemented.

### EXPANDED PERFORMANCE OBJECTIVE

Expanded Performance Objectives refer to specific functions, system capabilities, or levels of system performance which will ultimately be featured within the system but not necessarily at the time of first implementation. E.P.O.'s will be included at the time of implementation to the extent that doing so does not delay or jeopardize delivery of required functions. The project staff will issue a separate work plan and timetable for installing E.P.O.'s that were not included in the initial system implementation.

### EXCLUSIONS

Exclusions refer to functions or system capabilities which the system will not perform or provide.

## 6. ACKNOWLEDGEMENTS

The Payroll Director, Payroll Project Manager, and project staff want to express their deep appreciation to the following groups and individuals who have given their time and effort to support and provide direction to the Payroll/Personnel System Development project. We genuinely believe that our eventual success depends upon your continued cooperation and involvement.

Board of Supervisors

Mayor Dianne Feinstein

Controller John C. Farrell

John J. Walsh, General Manager, Personnel

Daniel Mattrocce, General Manager, Employees' Retirement System

Deputy Mayor Rudy Nothenberg

Mayor's Fiscal Advisory Committee

Payroll/Personnel Management Team

Judy Johnston, Assistant Director, Controller's E.D.P.

Clare Murphy, Assistant Manager, Retirement Services

Thomas H. Poulas, staff liaison, Civil Service

Randall Smith, Director, Health Service System

Personnel Task Force

David Murphy, Public Library

Marsha Ramirez, Port Commission

Helen Blumberg, Police Department

Timekeepers Task Force

Maureen Hrenoff, Fire Department  
Betty Gerstle, Police Department  
Bill Parrish, Department of Social Services  
Jeanne Galliani, Muni Railway  
Mable Ramirez, City Attorney's Office  
Wiley Yang, San Francisco General Hospital

Users Advisory Group

Lt. Michael Lennon, Police Department  
Ray Connors, Fire Department  
Masaya Kakebe, Department of Social Services  
Peter Henschel, Mayor's Office  
Monte Mansir, Civil Service  
Mary Burns, Recreation and Parks Department  
Gerald Costanzo, Department of Public Works  
Angela Gittens, San Francisco General Hospital  
Larry Doyle, Community Mental Health  
Paula Jesson, City Attorney's Office  
Jim Manaro, C.A.O.'s Office  
John Bowers, S.E.I.U.  
Athena Tsougarakis, Bank of America

Henry Nanjo, Director, Controller's E.D.P.  
Tom Gerughty, Assistant Director, Controller's E.D.P.  
Ray Choy, Assistant Director, Controller's E.D.P.  
Albert C. Walker, Assistant Secretary, Civil Service Commission  
William Dunn, Civil Service  
Dennis Vojtilla, Mayor's Office  
David Fong, Controller's Office  
Chris Baldo, Controller's Office  
Michael Lichtenstein  
Irma Gonzalez, Bank of America  
Jack Kiernan, Pacific Gas & Electric Company  
Roy C. Nordman, Coopers & Lybrand

Departmental Timekeepers, Personnel Officers  
and Accounting Staff Throughout the City

### III. FUNCTIONAL REQUIREMENTS



## A. PAYROLL

### 1. TIME REPORTING

#### a. INTRODUCTION

The legislative/policy requirements relating to time reporting are found in the CCSF Charter Section 8.400g, in the Administrative Code Sections 18.1 through 18.10, in the Annual Salary Standardization ordinance Sections 1 through 7 and in various Controller-issued Departmental Instructions and Payroll/Personnel Procedures.

The time reporting function is intended to be the primary determinant of employee pay, though it is recognized that there are types of employees for whom hours of paid service will not determine pay. The accuracy of the time reported and the timeliness with which it is received will significantly determine how effectively the payroll system will perform its functions.

Time will be reported to the system on at least two different bases, biweekly and monthly. Within each of these there may be more than one processing cycle, though the goal is to have a single cycle.

Time reported will be used for pay calculation and will also be tracked for use by the Retirement System and for calculating vacation and sick leave earnings.

The time reporting medium used will be system generated and will be designed to simplify the collection of time data and to facilitate data entry.

A separate medium will be used for input of essential employee non-time data (employee master file updating).

All City and County employees will be included in the system except the following:

- Unified School District employees will report their time to the District's TAPPS System.
- Community College District certificated employees will report their time to the HRIS System now under development by SFCCD (classified employees will be processed by the central system).

Requirements for the new central payroll system are being formulated on the assumption that these employees will not be members of the system.

The primary time information required by employee is the number of hours for the reporting period by type of hours and by labor code. The central system must also hold data sufficient to perform required time verifications on each employee.

The new payroll system will provide significant improvements over the current system. For example, the new system will calculate gross pay from hours, will perform hours tracking, will validate vacation and sick leave hours, will provide management information relative to employee hours and be much less labor intensive.

Virtually every City organization will be affected by the new payroll system, from departmental personnel who will collect and report the time, to Central Payroll staff who will process the time, to City and departmental managers who will receive reports on the time, to employees who will see the time - and corresponding pay - on their check/stub.

b. FUNCTIONAL REQUIREMENTS

In general, the time reported to the central payroll system will be ACTUAL hours, meaning the hours of work and of absence during the employee's regular schedule plus any additional hours worked. However, there will be exceptions to this. For example, uniformed employee's of the Fire Department work unique "tours" whose hours vary from pay period to pay period but for which gross pay does not vary. In situations like this, the hours reported may not be actual hours.

The time reporting function involves four essential elements:

- Generating "turn-around" time reporting media
- Recording time and related data on the media
- Converting the data to computer readable form
- Validating the input data and reporting errors.

To support these time reporting functions various files must be available:

1. A Payroll/Personnel Employee Master File containing all employee-related data elements necessary to support the time reporting function.
2. A copy of appropriate FAMIS files needed to support time reporting validation requirements.
3. A Payroll/Personnel Edit Table(s) holding all of the valid values for data elements required by the time reporting function which are not contained in the Employee Master File or in the FAMIS Files.

To facilitate reporting time to the payroll system the following requirements must be met:

1. Automatically generate "turn-around" time reporting media to be used in reporting employee time to the payroll system. The standard sequence must be:
  - Department
  - Division
  - Location (department defined and controlled)
  - Employee.

The time reporting medium must be generated selectively based upon control parameters such as "Generate Biweekly Medium" or "Generate Monthly Medium" and upon the Employee Reporting Frequency Code.

2. The time reporting medium must contain the following heading information:
  - Department Name
  - Division Name
  - Location Code
  - Document Number
  - Pay Period End Date
  - Pay Period Daily Dates.
3. The medium must provide the following employee identification information:
  - Name
  - Social Security Number
  - Classification Number.

4. The medium must allow for daily recording of time and provide for convenient time summarization by appropriate time category on a pay period basis (only the summarized data may be input to the payroll system).
5. The medium must display the system-held assumptions as to an employee's normal schedule and the normal splitting of time between labor codes, up to a maximum of five labor codes.
6. The medium must allow, when appropriate, reporting only exceptions to the system-held assumptions, with the system generating the balance of the time required based upon the assumptions.
7. The medium must provide for recording Special Earnings Codes to report any premium pays that may be earned (there are currently 57), and for recording an associated Special Earnings Occurrence Code which indicates the number of occurrences of the special earning during the reporting period. The medium must allow for at least eight different Special Earnings to be reported for a given period.

For example, if "MEC" were the Special Earnings Code for Lead Mechanic premium, which is a daily premium, and the employee was eligible for it on five days during the pay period, the Special Earnings Occurrence Code would be '5'.

Individual special earnings are described in "Payroll - Gross Pay Calculation."

8. The medium must provide for reporting Overtime as well as Regular Time on the same medium, and for recording an Overtime Code to describe the type of overtime being reported.
9. The medium must provide for recording an Absence Code to describe the type of absence being reported.

10. The time-reporting medium should provide for reporting hours and minutes as well as hours and fractions of hours.
11. Time Reporting Instructions must be provided to departmental time reporting personnel to insure that all time and time-related data has been gathered and reported to the central payroll system using a uniform set of standards.

The following validations must be performed to test the accuracy of time input:

1. Provide for a control parameter such as "Process Biweekly Payroll" or "Process Monthly Payroll" and for a "Time Reporting Cycle" parameter to insure that the proper employees are selected for validation testing.
  2. Have the capability within the Biweekly/Monthly pay period types, to process all employee time in a single processing cycle.
  3. Provide for a validity test which compares employee master file Social Security Number with input time reporting Social Security Number to insure that:
    - For every employee master record, when:
      - Employee Status Code indicates ACTIVE, and
      - Employee Schedule Code indicates REGULAR FULL-TIME or REGULAR PART-TIME, and
      - Employee Time Reporting Code indicates EXCEPTION REPORTING NOT ALLOWED,Then a TIME REPORT IS PRESENT for the employee
- And
- For every input time reporting record, a corresponding employee master file record must exist which is carrying an Employee Status Code indicating ACTIVE.

An appropriate error message must be generated if these tests fail, such as:

"NO TIME REPORTED FOR ALL-POSITIVE EMPLOYEE"

"TIME REPORTED FOR NON-ACTIVE EMPLOYEE".

The following validity testing is dependent upon the above test being successful. That is, the time being reported must be for an employee who is established in the employee master file as Active.

4. A validity test of Total Regular Time Reported against Employee's Regular Work Schedule must be provided to insure that the two are equal for employees whose Schedule Code indicates regular full-time or regular part-time and whose Time Reporting Code indicates that exception reporting is not allowed - generating an error message if the test fails.
5. A validity test of Overtime Code against a payroll system table must be provided to insure that the code is valid and against the employee's master record Paid Overtime Eligibility Code to insure that this employee is eligible to use the recorded overtime code -- generating an error message if either test fails.
6. A validity test of any Labor Code reported on an exception basis (not pre-established for the employee) must be provided. This test will involve comparing the component parts of the Labor Code to the appropriate FAMIS files to insure that the codes exist -- generating a Default Value and an error message if the test fails.
7. A validity test of Absence Code against a payroll system table must be provided to insure that the code is valid and, if it is a tracked absence type such as Vacation, compare against the employee's appropriate absence balance to insure eligibility -- generating an error message if either test fails.

8. A validity test of Special Earnings Code against a payroll system table must be provided to insure that the code is valid and to insure that the Special Earnings Occurrence Code holds a value which is within the limits established for this special earnings code based upon this employee's Payroll Reporting Frequency Code -- generating an error message if either test fails.

c. DATA REQUIREMENTS

The data elements needed to support the time reporting function will derive from several sources:

- Payroll/Personnel Employee Master File
- Time Reporting Media
- Payroll/Personnel Edit Table(s)
- Payroll System Copies of FAMIS Files.

Many data elements will appear in more than one place. For example, Social Security Number must appear both on the time reporting medium so that the system knows who it is receiving time for, and it must appear in the Employee Master File so that the time data can be cross checked against basic employee data to insure accuracy. However, to avoid redundancy, each data element is cited only once.

The following data elements are necessary to perform the time reporting function:

- Social Security Number
- Social Security Check Digit
- Name
- Classification
- Department (FAMIS Department Number)



- Division (FAMIS Division Number)
- Section (FAMIS Section Number)
- Position Number
- Location Code  
(physical location of the employee for time reporting - departments will define and control)
- Document Number  
(equivalent of the FAMIS Document Number and would identify a significant sub-group of employees for audit and control purposes)
- Time Reporting Code  
(indicates whether the employee is/is NOT allowed to report time to the central payroll system on an exception basis)
- Time Reporting Cycle Code  
(indicates the time processing cycle to which the employee belongs, such as: Biweekly-Cycle-1, Biweekly-Cycle-2, Monthly-Cycle-1)
- Processing Date
- Pay Period End Date
- Employee's Regular Work Schedule  
(number of non-overtime hours the employee is scheduled to work during the pay period)
- Status Code  
(indicates employee is Active, Separated, etc.)
- Paid Overtime Eligibility Code
- Labor Code  
(a 15-character code containing three elements which are necessary for recording the employee's time and charges in the FAMIS System:
  - Index Code - 6 characters
  - Sub-Object - 4 characters
  - Project Work-Phase - 5 characters

This will probably be expanded to a 19-character code defined as follows:

Index Code	- 6 characters
Sub-Object	- 4 characters
Project/Work-Phase	- 5 characters
Department Use	- 2 characters
Department Use	- 2 characters)

- Vacation Balance
- Floating Holiday Balance
- Sick Leave Balance
- Sick Disability Credits Balance (SDC)
- Overtime Earned (Comp Time) Balance
- Special Earnings Code (such as Bilingual Pay)
- Special Earnings Occurrence Code
- Amount
- Number of Hours
- Hours Type Code
- Shift Premium Code
- Overtime Code
- Absence Symbol Code.

d. REPORTING REQUIREMENTS

The following reports are required for time reporting:

1. Exception/Error Report

Invalid conditions found in the validation of time reported to the system will be presented in an appropriate sequence. The report will be used by Central Payroll staff to review time reporting documents, contact departmental payroll staff and take whatever other actions may be necessary to correct errors.

2. FAMIS Financial Data Error Report

Time input records carrying invalid financial attributes which could not be corrected prior to running payroll will be presented in a separate report. The report would present the input record as entered with the incorrect attributes, and the record after system-generated default attributes had been substituted. The report will be used by FAMIS fund accountants and departmental accounting personnel in taking action to clear records in the FAMIS error file.

e. CONSTRAINTS

The formal constraints have been discussed above relative to the applicable Charter Sections, Annual Salary Standardization Ordinance Sections, etc.

In addition, the system must provide for:

1. Record counts, hash totals, or batch totals as required to insure the integrity of system input and output data, both in the manual data preparation phase and in the system processing phase.

2. Security procedures to insure that time input data entry is performed only by personnel authorized to do so.
3. Security procedures to insure that access to time data for correction purposes is limited to Central Payroll operations personnel who are authorized to perform such maintenance.
4. Security procedures to insure that preparation of run control parameters is limited to Central Payroll Operations personnel who are authorized to perform these functions.

f. IMPLEMENTATION PRIORITIES

All of the requirements discussed above are considered fundamental features of the new Payroll/Personnel System. In addition, other features are considered desirable. These features will be treated as "Expanded Performance Objectives" and will be considered when payroll/personnel software is evaluated. However, they are not requirements and no commitment is made to providing them at the time of initial system implementation. The following features are in this category:

- The ability to accept time from separate departmental automated time reporting systems
- Online entry of time data by departments
- Online inquiry to time data by departments.

Beyond these features are others which will NOT be considered at all and for which no analysis will be done. The following features are in this category:

- Processing of time by the central system on a daily basis.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## 2. GROSS PAY CALCULATION

### a. INTRODUCTION

The payroll gross pay calculation function combines with time reporting data, various data elements of the Payroll/Personnel Employee Master File, and Payroll/Personnel Edit Tables to determine gross pay for employees. Gross pay will be fixed in some cases and computed from hours in others.

Associated functions including calculation of fringe benefits and allocations of costs for labor distribution issues are discussed in other sections of this report.

The gross pay calculation function must be highly automated, requiring minimal data input. Its accuracy and reliability are directly contingent upon the effective maintenance of master files and edit tables, as well as the accuracy of time reporting.

All City and County of San Francisco employees will be included in the system except the following:

- Unified School District employees will have their pay calculated by the TAPPS system.
- Community College District certificated employees will have their pay calculated by the HRIS system now under development by SFCCD. (Miscellaneous employees will be in the central system.)

Requirements for the new central payroll system are being formulated on the assumption that these organizations will not be members of the system.

The primary legislative requirements relating to gross pay calculation are found in the Annual Salary Standardization Ordinance Section 1 and in the CCSF Charter Section 8.400 through 8.405.

Major information needs are time reporting data, system-held base pay rates and edit tables. Rates may be overridden by authorized rate input. The central system must also hold sufficient information to verify and compute special earnings by either accepting a user-input dollar amount or automatically calculating special earnings amounts based upon special earnings codes and occurrence counts.

The new payroll system will eliminate the need for departmental timekeepers and Payroll Audit to calculate gross pay manually. The system will track different types of earnings for employee and management information.

The payroll calculation function will greatly reduce the calculation burden for timekeepers and Payroll Audit.

b. FUNCTIONAL REQUIREMENTS

The gross pay calculation function includes the following:

- Recognize paid hours and non-paid hours
- Calculate gross pay from hours
- Calculate gross pay independent of hours
- Calculate overtime pay
- Calculate all types of special earnings
- Track hours by type
- Track earnings by earnings category.

To support the pay calculation function of the payroll system, the following requirements must be met:

Provide access to fully validated and corrected time reporting data, a Payroll/Personnel Employee Master File and Payroll/Personnel Edit Tables to obtain necessary data elements to support gross pay calculation.

Recognize Paid Hours Types and Unpaid Hours Types.

Paid Hours Type are:

- Regular Hours
- Overtime - Time and one-half
- Overtime - Straight time
- Sick Leave
- Vacation Leave
- Legal Holiday/Legal Holiday in Lieu
- Floating Holiday
- Military Leave
- Compensatory Time Off
- Jury Duty
- Educational Leave
- Standby Time
- Assault Leave
- Disability Leave (Police)
- Inclement Weather
- Supplemental Disability Leave (Supplemental Disability Credit hours used to supplement Workers' Compensation)



Unpaid Hours Type are:

- Sick Leave
- Holiday (Normal Day Off)
- Military Leave
- Compensatory Time Earned
- Personal Leave
- State Disability Insurance Leave
- Workers' Compensation
- Educational Leave
- AWOL
- Suspension
- Inclement Weather.

Only Paid Hours types are used to compute pay.

Provide for calculating basic gross pay using hours. Basic gross pay is calculated by extending number of hours times hourly rate.

Provide for hourly rates, using four decimal places of accuracy 999.9999, as established in the Salary Standardization Ordinance.

Provide for reporting of hours in hours and minutes as well as hours and fractions of hours.

Provide for calculating basic gross pay independent of hours. This figure must be derived from a system-held Pay Period Rate, e.g., biweekly or monthly pay rate.

Provide for calculating basic gross pay based on a dollar amount per meeting or event, e.g., commissioners' pay.

Provide for calculating overtime pay.

Overtime at time and a half - which is any time worked in excess of eight hours per day or forty hours per week. Overtime pay is computed by multiplying the number of overtime hours by one and a half times the base hourly rate which may include a shift premium. Not every employee is eligible for overtime pay.

Overtime at straight time - which is any time worked in excess of normal work hours but fewer than eight hours a day or forty hours per week. It is paid at the base hourly rate multiplied by the number of straight overtime hours. In general this applies to employees whose schedules call for normal hours of 35 or 36 hours per week.

Provide for calculation of special earnings, which are additions to basic gross pay. Special earnings are awarded using a variety of methods. The following methods are currently in use:

Extra dollar amount per hour:

- Word Processing premium
- Sewage Plant premium (using rate appropriate to another class)
- Tilt Trailer premium
- Painter Taper premium
- Painter Sandblasting premium
- Bos'n Chair premium
- Transit Operator Instructor premium
- Underwater Diver Pay premium

- Operating Engineer premium (determined by class of equipment operated)
- Tool Room Mechanic premium
- Truck Driver premium (determined by class of equipment operated).

Extra dollar amount per day:

- Raw Sewage premium
- Medical Stewards
- Meal Allowance
- Camp Mather premium
- San Francisco International Airport premium
- Mechanical Street Sweeper premium
- Lead Mechanic premium
- Out-of-Class Work premium (extra 2.5 schedules or less after 15 days)
- Museum Guard premium (using rate appropriate to higher class)
- Cook Manager premium (extra two steps).

Extra dollar amount per pay period:

- Interpreter-Translator Pay
- Elevator Operator premium
- Meritorious Awards
- Motor Cycle premium
- Deputy Clerks premium
- Court Room Clerks premium

- Senior Law Clerks premium
- Supervisor Differential Adjustment (extra one schedule above supervised employee)
- Eligibility Worker Supervisor premium (using rate appropriate to higher class).

The extra dollar amount for Annual Uniform Allowance will not be handled in the Payroll/Personnel System.

Extra percentage of hourly rate:

- 6-1/4% Night Shift premium
- 8% Night Shift premium
- 10% Night Shift premium
- 15% Night Shift premium
- Sewage Premium Pay II
- Clinical Physician premium
- Call Back After Rest Period premium
- Automotive Call Back premium
- Extended Tour of Duty premium
- Standby Pay premium (25% of base rate)
- Container Crane premium
- Stationary Engineers 16 Hour Off
- Chauffeur Sergeant-at-Arms premium
- Muni - Sunday Pay premium.

Extra percentage of daily rate:

- Nurse's Weekend Off
- Parking Control Officer Time Off
- Console Operator premium
- Medical Stewards premium.

Extra percentage of pay period rate:

- 2% Nurses' Retention premium
- Counseling premium
- State Water 1% premium.

Extra hour(s) of pay per day:

- Painter Supervisor premium.

Provide for tracking gross pay and hours information by hours type as follows:

Period-to-Date

Quarter-to-Date

Year-to-Date.

Provide for calculating gross pay using optional reduction rates:

MUNI supervisor employees who opt to work eight hours within nine hours instead of eight hours within ten hours receive 11% reduction in pay.

Public Health Nurses who voluntarily participate in five percent basic biweekly salary reduction to earn additional 6-1/2 days off.

Provide for access to historical pay data to support calculation of retroactive payments and, if possible, retroactive interest accrued.

c. DATA REQUIREMENTS

The data elements needed to support the gross pay calculation function will derive from several sources:

Time Reporting Media

Payroll/Personnel Employee Master File

Payroll/Personnel Edit Table(s).

The following data elements are necessary to perform the gross pay calculation function:

Social Security Number

Classification and Step

Department (FAMIS Department Number)

Processing Cycle Code (indicates the time processing cycle to which the employee belongs)

Processing Date

Pay Period End Date

Hourly Pay Rate

Pay Period Rate

Gross Pay

Shift Premium Code

Overtime Code

Pay Frequency Code

Hour Type Code

Absence Symbol Code

Special Earning Code

Special Earning Occurrence Code

Special Earning Calculation Method Code (derive extra pay via a dollar amount, percentage or hours)

Special Earning Rate (defined as 999.9999 and can be a percent, a dollar amount, or a number of hours.)

d. REPORTING REQUIREMENTS

There are no separate reporting requirements specific to the gross pay calculation function. Gross earnings along with tax withholdings, deductions and net pay information will appear in reports presented in other sections of this report.

e. CONSTRAINTS

The pay calculation function is an automated function; however, its success is contingent upon effective file maintenance and time input functions.

File maintenance of pay rates and control parameters must be performed on a timely basis prior to processing pay. Procedures must exist to insure that only authorized personnel may change, delete or add to the Master File and System Control Tables.

Time input data elements must pass all control and validity tests. All errors must be corrected or acceptable default values generated before the time data is passed to the pay calculation function.

The system must provide for necessary record counts, hash totals and batch totals to insure the integrity of system input and output data, both in the manual data preparation phase and in the system processing phase.

f. IMPLEMENTATION PRIORITIES

All of the features discussed above are considered fundamental requirements of the new Payroll/Personnel System.

The present payroll system processes payments to persons who are not members of the City's regular work force (e.g., Jurors). The new Payroll/Personnel System will exclude processing of these items as not true payroll items (no W-2 is produced). These could readily be handled by other warrant producing systems which could be developed. This would eliminate a needless complication to the already complex payroll requirements.



COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

### 3. TAXES AND DEDUCTIONS

#### a. INTRODUCTION

The proper functioning of Taxes and Deductions processing is a main ingredient in determining an employee's net pay. The procedures and systems developed must accurately reflect an employee's required and desired deductions. Deductions processing must be completed on a timely basis so that accurate reporting can be made to both the employee and the deduction organization.

Taxes and deductions processing is not only used for net pay calculation but is necessary for:

- Meeting legally-mandated accounting and financial information requirements for accurate tracking and reporting of employee taxes and benefits.
- Meeting the City's commitment to employees and deduction organizations to report and distribute contributions and related data to the deduction organizations.
- Monitoring eligibility and membership in the deduction organizations.

The taxes and deductions media used will be designed to simplify the screening, deduction calculation and reporting of deduction data. In addition, the new system will provide an expansion of deduction capabilities and financial information to the City and deduction organizations.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

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- Monitoring eligibility and membership in the deduction organizations.

The taxes and deductions media used will be designed to simplify the screening, deduction calculation and reporting of deduction data. In addition, the new system will provide an expansion of deduction capabilities and financial information to the City and deduction organizations.

All CCSF employees will be included in the system except the following:

- SFUSD employees whose payroll will be processed by the TAPPS system.
- SFCCD certificated employees whose payroll will be processed in the HRIS system now under development by SFCCD (miscellaneous employees will be in the central system).

Requirements for the new central payroll system are being formulated on the assumption that these employees will not be members of the system.

The legislative/policy requirements relating to taxes and deductions are found within the CCSF Charter Sections 8.4 and 8.5, Section 1.35 of the Annual Salary Ordinance, the City's Memorandums of Understanding, Letters of Understanding, State Tax Law and Federal Tax Law.

The new Payroll/Personnel System will provide significant improvements over the present system including:

- Stronger monitoring of the employee's eligibility and membership in organizations.
- Centralized automatic handling of payroll deductions and adjustments. This will remove the responsibility of the departmental timekeeper to manually post changes.
- Complete payroll information to the employee. The employee's Statement of Earnings and Deductions will reflect itemized earnings and deductions with year-to-date totals.

- Complete payroll information to the deduction organization. Organizations will receive complete accounting and financial information and contributions on a more timely basis.

Virtually every City organization will be affected by the new Payroll/Personnel System:

- The departmental timekeepers who will no longer be burdened with taxes and deductions.
- The Central Payroll staff who will monitor eligibility, deduction calculation and reporting.
- The deduction organizations who will receive data and contributions and continually feed Central Payroll with employee additions, adjustments, and deletions.
- The employee who will see complete taxes and deductions information on their checkstub and partake in the benefits.

The requirements bearing upon taxes and deductions will be presented in the following sections:

- Functional Requirements - General.
- Data Requirements - General.
- Reporting Requirements - General.
- Constraints - General.
- Expanded Performance Objectives - General.

- Specific Deduction Types Containing:
  - Functional Requirements Unique to the Deduction Type.
  - Data Requirements Unique to the Deduction Type.
  - Reporting Requirements Unique to the Deduction Type.
  - Constraints and Expanded Performance Objectives Unique to the Deduction Type.

b. FUNCTIONAL REQUIREMENTS -- GENERAL

This section will state the requirements which are common to all taxes and deductions functions in the system. All special requirements unique to a deduction type will be defined in the specific deduction types subsection.

Taxes and deductions processing basically involves four functions:

- Uniquely identify and characterize every deduction.
- Apply eligibility and validation criteria to identify who is to have the deduction taken.
- Perform the deduction calculation and track the essential accounting information.
- Provide full reporting and check writing capabilities.

To support these taxes and deductions functions various files must be made available. The system must:

Provide access to an Employee Master File which will contain a master record per employee with each record containing all of the data elements necessary to support the taxes and deductions functions.

Provide access to a Payroll/Personnel Edit Table(s) holding all of the valid values for data elements required by the taxes and deductions function which are not contained in the Employee Master File.



Provide access to an arrears module holding all arrears data required to accommodate various tracking and taking policies, or incorporate this feature in the Employee Master File.

Provide access to a bond purchase module holding deduction accruals for the purpose of purchasing U.S. Savings Bonds when a prescribed dollar requirement is met, or incorporate this feature in the Employee Master File.

To support the identification and characterization of taxes and deductions the following requirements must be met:

Provide for a deduction code uniquely identifying each deduction.

Provide for identifying every deduction with a title.

Provide for characterizing each deduction as follows:

- Deduction Kind (tax, mandatory, bonds, voluntary)
- Sequence (before tax/after tax)
- Frequency (every pay period, every other pay period)
- Priority (first through nth)
- Method of Calculation (dollar amount, percent)
- Dollar Limit (stop taking when a dollar amount is reached)

- Time Limit (Start Date and Stop Date)
- Arrears Tracking/Taking
- Sign (positive or negative deduction)
- Special Calculation Routine
- Tabled Value Amounts.

Provide for the processing of additional deduction organizations to a minimum of 500 or more. The Controller will process deductions required or requested on the following bases:

- Those mandated by City, County, State or Federal agencies
- Those requested by an employee organization recognized by the Employee Relations Division pursuant to Section 16.93 of the San Francisco Administrative Code
- Those requested by organizations the Controller processed prior to the creation of the Employee Relations Division.

To support the need for identifying the employees eligible to have a deduction taken the following requirements must be met:

Provide, in the Employee Master File, for holding at least 20 deductions per employee.

Provide for a determination on the employee's eligibility for taxes and deductions based upon one or more of the following criteria:

- Gross Wages
- Civil Service Classification
- Civil Service Employee Status
- Length of Service (e.g., City Retirement pre-11/1/77 and post-11/1/77)
- History of Service (Belt Railway employees)
- Deductions predetermined in the employee's master file

Provide for a validity test during file maintenance which compares a deduction type code to a table or dictionary of accepted values to insure a valid code. Invalid codes will not be accepted.

Provide for Central Payroll handling of employee signed voluntary deduction authorization and cancellation cards. The deduction organization will submit authorization cards to Central Payroll.

The employee may sign a cancellation card stopping the voluntary deduction in the next pay period except:

- For the six City unions in which cancellation can occur only in January; or
- If the deduction is mandatory under Agency Shop.

Cancellation cards for voluntary deductions will be submitted directly to Payroll by the employee.

Provide for deductions from within the four major categories of taxes and deductions:

#### TAXES

- Social Security
- Federal Withholding
- State Withholding
- Local Tax (if mandated).

#### WAGE ASSIGNMENTS AND GARNISHMENTS

#### MANDATORY DEDUCTIONS

- Retirement
- Health Service System
- Maintenance Deductions
- Unions With Agency Shop.

#### VOLUNTARY DEDUCTIONS

- Union Dues Without Agency Shop
- Insurance
- Credit Unions
- Other Voluntary Deductions
- Savings Bonds.

To support performing deduction calculation and tracking essential accounting information, the following requirements must be met:

Provide for processing deductions for multiple retirement plans as described in the "Retirement" functional area.

Provide for processing deductions for multiple City Health Service System plans as described in the "Health Service System" functional area.

Provide for Central Payroll access to employee master file to add, change, or delete a deduction for an employee. All approved file maintenance actions will be reflected in the following pay period.

Provide for processing one-time overrides for exception handling (special one-time deduction amounts). This capability provides for a designated amount to be deducted for the specific deduction for one pay period only. See the "Adjustments" functional area for a complete description.

Provide for taking taxes and deductions for the following three pay frequencies:

- Biweekly
- Monthly.

Provide for three basic deduction calculation types:

- Fixed Amount Deduction
- Percentage of Gross
- Table Amount.

Provide for upper and lower deduction limits based upon a dollar amount or percentage of gross wages. This field would allow a limit to be established, and once an employee's accumulated deduction amount reached the limit, the deduction would automatically stop. This feature will be used for such things as FICA maximums.

Provide for a validity test of deduction amounts to insure the amount is within established dollar limits, as appropriate. Warning message would be generated reflecting the exceptions, such as:

"Deduction Amount Too High -- Check Source Document."

Provide for deduction start and stop dates. This provides Central Payroll with the option to establish a deduction for an employee ahead of time and have it start automatically at a given date. The end date will cause the deduction to automatically stop as of a given date.

Provide for positive and negative deductions. All deductions in the current sequence are positive deductions except earned income credit which is a negative deduction resulting in an addition to net pay.

Provide for splitting wages into more than one check. This requirement will be defined in "Garnishments".

Provide for accumulations by employee of period-to-date, month-to-date, quarter-to-date, and year-to-date deduction totals.

Provide for automatic reset of period-to-date, month-to-date, quarter-to-date, and year-to-date deduction totals at the end of calendar year or fiscal year, and upon reaching a limit date or limit amount.

Provide calculation and deduction for all of the following arrears policies:

- If insufficient earnings, put the whole amount of the deduction in arrears.
- If insufficient earnings, take all of deduction possible and put the untaken remainder in arrears.
- If insufficient earnings, do not take any of the deduction and do not put the deduction in arrears.
- If insufficient earnings, take all of deduction possible, and do not put the remainder in arrears.

Provide for procedures to communicate deduction organization information to Payroll (membership status, or cancellation).

Provide for annual updates for table held deductions based on the deduction code.

Provide for appropriate interfacing of tax and deduction data to the Controller's FAMIS System (see Payroll Interface to FAMIS) and to other deduction organizations as required.

c. DATA REQUIREMENTS -- GENERAL

Provide for the following significant data elements required for eligibility, membership, deduction calculation and reporting:

- Deduction Organization Name
- Deduction Organization Code
- Organization Membership Code  
(Member, Non-Member, Exempt, Not Eligible)
- Department Number
- Social Security Number
- Name (last, first, middle initial)
- Street Address
- City
- State
- Foreign Postal Code (if the employee's address is in a foreign country, include the name of the country in this field)
- Zip Code
- Civil Service Classification
- Civil Service Employee Status
- Pay Frequency (bi-weekly, monthly, semi-monthly)
- Gross Wages



- Deduction Calculation Method (flat, percent or tabled)
- Amount or Percent to be Taken
- Arrears Handling Code
- Priority Number
- One-Time Override Code
- Deduction Amount Taken -- Current Period
- Deduction Amount Taken -- Month-to-Date
- Deduction Amount Taken -- Quarter-to-Date
- Deduction Amount Taken -- Calendar Year-to-Date
- Deduction Amount Taken -- Limit-to-Date
- Deduction Limit Amount
- Deduction Start Date
- Deduction Stop Date
- Deduction Amount Not Taken -- Current Period (if applicable)
- Deduction Amount Not Taken -- Month-to-Date (if applicable)
- Deduction Amount Not Taken -- Quarter-to-Date (if applicable)
- Total Arrears Amount if applicable).
- Current Pay Period End Date (MM/DD/YY).

d. REPORTING REQUIREMENTS -- GENERAL

The reports needed relating to Taxes and Deductions reporting are the following:

- Each Pay Period:

1. Employee Statement of Earnings and Deductions:

The system design phase will define the medium of employee reporting, with the paycheck stub as the probable vehicle.

This record will consist of the employee's:

- Social Security Number
- Name
- Civil Service Classification
- Department Number
- Pay Period End Date
- Itemized Deduction by Organization Name  
(e.g., "Federal Withholding," "Local 400")
- Amount Deducted Per Organization --  
Current Period
- Total Withheld YTD Per Organization.

2. Organization Master Report:

For each deduction organization a master report will list all members in the organization during the reported pay period.

This report will be used by Central Payroll and the deduction organization for reference on an employee basis. It will be in sequence by deduction organization and employee name in alphabetical sequence and will be produced each pay period.

Data Content:

- Social Security Number
- Name
- Civil Service Classification
- Department Number
- Pay Period End Date.

A separate section will identify additions to the master report since the previous pay period.

3. Employee Deduction Register:

This report will be used by Central Payroll only for reference on an employee basis. The report sequence will be by department and then employee name alphabetically. The frequency will be each pay period.

Data Content:

- Social Security Number
- Name
- Pay Period End Date
- Deduction Code
- Deduction Title
- Amount Deducted for the Current Pay Period
- Amount Deducted Month-to-Date
- Amount Deducted Quarter-to-Date
- Amount Deducted Calendar Year-to-Date
- Amount Not Taken for the Current Pay Period
- Amount in Arrears (if applicable)
- Adjustments to Prior Pay Periods.

The totals will be given on a recap page with the following totals for each deduction:

- Amount Deducted for the Current Pay Period
- Amount Deducted Month-to-Date
- Amount Deducted Quarter-to-Date
- Amount Deducted Calendar Year-to-Date.
- Amount in Arrears (if applicable).

#### 4. Deduction Register:

This report will be used by Central Payroll to aid in balancing and verifying deduction accounts. The same report can be used for reporting to the deduction organizations when payment is made to them. The report sequence will be by deduction organization and then employee name alphabetically. The frequency will be each pay period.

##### Data Content:

- Social Security Number
- Name
- Department Number
- Pay Period End Date.
- Amount Deducted for the Current Pay Period
- Amount Deducted Calendar Year-to-Date
- Adjustments to Prior Pay Periods.

The report totals by deduction organization will consist of:

- Amount Deducted for the Current Pay Period
- Amount Deducted Calendar Year-to-Date.

5. Deductions Not Taken Register:

This report would be used for control purposes, especially for deductions such as Retirement and Health Services. The report sequence will be by organization and then employee name alphabetically. The frequency will be each pay period.

Data Content:

- Social Security Number
- Name
- Pay Period End Date
- Scheduled Deduction Amount/Percentage
- Amount Deducted
- Amount Not Taken
- Total Amount in Arrears.

The report totals will consist of:

- Amount Deducted
- Amount Not Taken
- Total Amount in Arrears.

6. Deductions Summary Report:

This report will be used by Central Payroll for control of deduction accounts and payment to the deduction organizations involved. The report sequence will be by organization and the frequency will be with each processing cycle.

Data Content:

- Deduction Code
- Deduction Title
- Amount Deducted for the Current Pay Period
- Amount Deducted Calendar Year-to-Date
- Amount Not Taken for the Current Pay Period (if applicable)
- Related Fund Accounting Number.

For all voluntary deductions including Deferred Compensation, Payroll must provide the organization with a check for the previous two pay period's withholdings less 11¢ per transmittal name as a recapitulation fee (no advances are made).

The report totals will consist of:

- Amount Deducted for the Current Pay Period
- Amount Deducted Calendar Year-to-Date
- Amount Not Taken for the Current Pay Period (if applicable)
- Recapitulation Fee.

Special reports required for each deduction type are defined in the individual deduction type sub-sections.

The project's design phase will define the exact reporting distribution, and format requirements and which media will be used.

e. CONSTRAINTS -- GENERAL

The formal constraints have been discussed above relative to the applicable Charter sections.

The system must provide an effective means for Central Payroll to have complete control over deduction-related data and deduction-related adjustment procedures except in those areas reserved for the Retirement and Health Service Systems. Central Payroll must be able to make all payroll-related changes necessary for their operations and accounting.

In addition, the system must provide for record counts, hash totals, and batch totals as required to insure the integrity of system input and output data, both in the manual data preparation phase and in the system processing phase.

Security procedures must exist to insure that accessing and changing payroll deduction data can be performed only by personnel authorized to do so.

Security procedures must exist to insure that system run controls are limited to Central Payroll operations personnel who are authorized to perform these functions.



f. IMPLEMENTATION-PRIORITIES -- GENERAL

All of the requirements discussed above are considered fundamental features of the new Payroll/Personnel System. In addition, other features are considered desirable. These features will be treated as "Expanded Performance Objectives" and will be considered when payroll/personnel software is evaluated. However, they are NOT requirements and no commitment is made to providing them at the time of initial system implementation. The following features are in this category:

- On-line entry of taxes and deduction data by Central Payroll
- On-line inquiry to taxes and deduction data by Central Payroll
- Separate accounting "buckets" to distinguish union member dues from non-member "Fair Share Money"
- Control of the pay period in which the deduction will be taken

This control would allow the deduction to be taken at specified times such as:

First pay period only

Second pay period only

Even numbered pay periods only

Odd numbered pay periods only

All pay periods.

Central Payroll will define these indicators.

The requirements bearing upon taxes and deductions unique for each deduction type will be discussed as follows:

- Social Security/FICA
- Federal Withholding Tax
- State Withholding Tax
- State Disability Insurance
- Earned Income Credit
- Deferred Compensation
- State Judges' Health Plan Deduction
- Wage Assignments and Garnishments
- Maintenance Deductions
- Voluntary Deductions (including agency shop)
- U.S. Savings Bonds Deductions.

Requirements for Retirement and the Health Service System deductions are defined in their respective functional areas.

g. SOCIAL SECURITY (FICA) DEDUCTION

To support the deduction of FICA for eligible City employees, the system must meet the following requirements:

- o Provide for a FICA eligibility test to identify the City employees who participate in FICA based on the following criteria:
  - Mandatory FICA for all permanent City employees except those who elected in the City election of 1968 not to participate in FICA.
  - Temporary employees who had permanent status at one time and became members of the Retirement system and have had no break in City service retain Social Security coverage even though they have moved into a new temporary position.
  - New temporary City employees do not participate in Social Security and have no FICA deductions.

This will require a separate FICA eligibility code.

FICA coverage is not available on an individual or optional basis. Payroll must monitor eligibility based on the above requirements.

FICA is a percentage of income (wage base) calculation each pay period up to a maximum annual deduction. Currently, the rate is 6.7% up to a maximum wage base of \$32,400 for a maximum annual deduction of \$2,170.80 (these figures will change from year to year). Payment and reporting is based on wages paid, not earned, during the quarter.

In addition to the requirements described above in "Deduction Functional Requirements - General", the following functional requirements are specific to the FICA deduction:

- o Provide for using Hours Type Codes and associated earnings to identify "FICA Reportable Wages" including:
  - All wages including premiums and overtime
  - Deferred Compensation
  - Vacation Pay
  - Sick Pay
  - Assault Pay.

FICA exclusions would include disability pay for safety members (Police, Fire, Sheriff's) and Workers' Compensation.

- o Provide for computing employee and employer FICA deductions by applying the applicable rate against FICA Reportable Wages only.

The system design must allow sick pay to be processed without a FICA deduction should a ruling be issued allowing this.

- o Provide for the computation of FICA prior to Deferred Compensation deductions.

- o Provide for accumulations by employee of employee and employer FICA contribution amounts for:
  - Current Pay Period
  - Month-to-Date
  - Calendar Year-to-Date.
  
- o Provide for data accumulation under three separate tax ID's. See the Functional Area of "Gross Pay Calculation".

Separate fields must be kept for both the employee and employer. Currently, the calculation method for both is the same. However, if a different percentage is used for the employer than for the employee the amounts would differ.

- o Provide for accumulations by employee and employer for FICA taxes deducted for:
  - Current Pay Period
  - Month-to-Date
  - Calendar Year-to-Date.

The FICA tax fields must be maintained for both the employee and employer.

In addition to the requirements described above in "Deduction Data Element Requirements - General", the following data elements are specific to the FICA deduction:

- Record Identifier (IRS Reporting)
- FICA Eligibility Code (Eligible/Not Eligible) if needed
- Employee Taxable FICA Wages, Current Period

- Employee Taxable FICA Wages, Month-to-Date
  - Employee Taxable FICA Wages, Year-to-Date
  - Employer Paid FICA Taxes, Current Period
  - Employer Paid FICA Taxes, Month-to-Date
  - Employer Paid FICA Taxes, Year-to-Date.
- o Provide for the necessary reports and appropriate totals (by taxpayer ID) to support the FICA withholding checks:
- Sent every three days to the Federal government (IRS) for MUNI
  - Sent monthly with a remittance notice to the State (PERS) for all other City Departments.

1. Employee Statement of FICA Deductions:

The employee's paycheck stub will report each pay period:

- "FICA" deduction title -- if a deduction is taken
- FICA Deduction Amount
- Year-to-Date (YTD) FICA Deductions.

-- Annually:

2. Magnetic Tape With Annual Federal and State (W-2) Information:

(Defined in the next subsection of Federal Taxes).

h. FEDERAL WITHHOLDING DEDUCTIONS

To support the withholding of Federal taxes for all City employees the system must meet the following requirements:

- o Provide for a Federal withholding eligibility test to identify those City employees who are to have Federal withholding.

All City employees are subject to Federal withholding except self-employed City personnel who receive 1099's or have no tax liability.

- o Provide for wage base codes to identify:
  - Federal Taxable Wages as base wages
  - Employee FICA Taxable Wages as base wages (to handle Deferred Compensation).

For California, State and Federal taxable wages are the same; therefore, we can use the same fields.

In addition to the requirements described above in "Deduction Functional Requirements - General," the following Functional requirements are specific to Federal withholding:

- o Provide for using hours type codes and associated earnings and separate amount accumulators to identify:
  - Fully Taxable Earnings
    - All Wages Including Premiums and Overtime
    - Vacation Pay
    - Sick Pay
    - Assault Pay.
  - Non-Taxable Earnings
    - Deferred Compensation
    - Disability Pay for Safety Members
    - Worker's Compensation
    - Interest Payments.
- o Provide for computing the Federal withholding deduction by applying the appropriate rate against Federal Taxable Earnings only.
- o Provide for identifying the employee's marital status for Federal taxing purposes.
- o Provide for identifying the employee's number of tax exemptions for Federal taxing purposes.
- o Provide for accessing a file of Internal Revenue Service (Circular E) tabled deductions using the employee's Federal marital status, number of Federal exemptions, Federal taxable wages, and pay frequency to determine Federal tax withholding amount.
- o Provide for calculating the Federal tax withholding amount for overtime, retroactive and supplemental payments using a fixed 20% deduction rate.



- o Provide for calculating additional Federal withholding on a fixed dollar basis with the capability to make the deduction time-limited.
- o Provide for accumulations of employee Federal Withholding for:
  - Current Pay Period
  - Quarter-to-Date
  - Calendar Year-to-Date.
- o Provide procedures to communicate to Central Payroll all IRS directives affecting withholding.

In addition to the requirements described above in "Deduction Data Element Requirements - General", the following data elements are specific to Federal Withholding:

- Record Identifier (Constant "W")
- Marital Status -- Federal
- Number of Exemptions -- Federal
- Wage Base Code (see description above)
- Earnings and Deductions Transaction Code (see description above)
- Federal Taxable Earnings -- Current Period
- Federal Taxable Earnings -- Quarter-to-Date
- Federal Taxable Earnings -- Year-to-Date
- Federal Employee Tax Withheld -- For Each of the Four Quarters
- Federal Employee Tax Withheld -- Additional Federal Withholding

Additional data elements must be system generated to meet reporting and payout requirements. Withholding checks (by taxpayer ID) are sent every three days to the Federal government (IRS). Each report type listed below gives every data element required on that report.

1. Employee Statement of Federal Withholding:

The employee's paycheck stub will report each pay period:

- "Federal Withholding" deduction title -- if a deduction is taken
- Deduction Amount
- Year-to-Date (YTD) Federal Withholding.

2. Annual Federal and State W-2 Information:

This data is sent to the Federal government quarterly via magnetic tape. It contains:

- a) Transmitter record pursuant to Federal Tax Report TIB-4A containing:
  - Record Identifier
  - Payment Year
  - Transmitter's Federal EIN. (EIN, Employer Identification Number)
  - Transmitter/Employer Code
  - Transmitter Name
  - Street Address
  - City

- State
- Foreign Postal Code
- Zip Code.

b) Employer/Establishment Record Pursuant to Federal Tax Report TIB-4A Containing:

- Record Identifier
- Payment Year
- Federal EIN
- Employer Name
- Street Address
- City
- State
- Foreign Postal Code
- Zip Code
- Name Code
- Type of Employment "R"
- Tax Type Code
- State Code (06, for California)
- State/Local Employer Identification Number
- State Code
- Taxing Entity Code
- State/Local Employer Identification Number
- Tax Type Code
- State Code
- Taxing Entity Code

- State/Local Employer Identification Number
- Tax Type Code
- State Code
- Taxing Entity Code
- State/Local Employer Identification Number
- State Control Number.

c. Employee Wage Record Pursuant to Federal Tax Report TIB-4A Containing:

- Record Identifier
- Social Security Number
- Employee Name
- Street Address
- City
- State
- Foreign Postal Code
- Zip Code
- Annual FICA Wages
- Annual Wages, Tips, and Other Compensation
- Federal Income Tax Withheld
- FICA Employee Tax Withheld
- State Code (06)
- State Taxable Wages
- State Income Tax Withheld
- SDI Withheld
- Tax Type Code

- Taxing Entity Code
- Local Taxable Wages
- Local Income Tax Withheld
- Advanced EIC.

3. Annual Wage and Tax Statement, W-2 Forms:

W-2 forms are used to inform all City employees of their total gross earnings and total tax withheld annually. These documents must be processed and given to each employee by January 31 of each year; however, a pre-edit report should be generated before any final processing is done. This type of list is produced to verify any non-taxable items that may have been included; an example of this would be Deferred Compensation.

The annual wage and tax statement (W-2) required by the Federal and State governments shall include:

- Employer's Name
- Employer's Address
- Employer's Identification Number
- Employee's Social Security Number
- Federal Income Tax Withheld
- Gross Earnings
- FICA Withheld
- Total FICA Wages
- State Disability Insurance (SDI) Withheld
- Earned Income Credit (EIC) Amount
- Employee Covered by Pension Plan Indicator

- State or Local Taxes Withheld (1)
- State or Local Wages (1)
- State or Locality Where Withheld (1)
- State or Local Taxes Withheld (2)
- State or Local Wages (2)
- State or Locality Where Withheld (2)
- Employee's Name
- Employee's Address.

i. STATE WITHHOLDING DEDUCTIONS

To support the withholding for State taxes for all City employees the system must meet the following requirements:

- o Provide for a State withholding eligibility test to identify those City employees who are to have State withholding.

All City employees are subject to State withholding except self-employed City personnel who receive 1099's or have no tax liability.

- o Provide for wage base codes to identify:
  - State Taxable Wages as Base Wages (to handle Deferred Compensation).
  - Employee FICA Taxable Wages as Base Wages.

In addition to the requirements described above in "Deduction Functional Requirements - General", the following Functional requirements are specific to State withholding:

- o Provide for using Hours Type Codes and associated earnings to identify:
  - Fully Taxable Earnings
    - All Wages Including Premiums and Overtime
    - Vacation Pay
    - Sick Pay

- Assault Pay
  - Non-Taxable Earnings
  - Deferred Compensation
  - Disability Pay for Safety Members
  - Worker's Compensation
  - Interest on Retroactive Pay.
- 
- o Provide for computing the State withholding deduction by applying the appropriate rate to Taxable Earnings only.
  - o Provide for identifying the employee's marital status for State taxing purposes.
  - o Provide for identifying the employee's number of tax exemptions for State taxing purposes and the number of additional allowances for itemized deductions.
  - o Provide for accessing a table of State withholding deduction amounts using the employee's State marital status, number of State exemptions, State taxable wages and pay frequency to determine State tax withholding amount.
  - o Provide for calculating the State tax withholding amount for overtime, retroactive and supplemental payments using a fixed 3% deduction rate.
  - o Provide for calculating additional State withholding based on a fixed dollar amount with the ability to time-limit the deduction.



- o Provide for accumulating employee State taxable wages on the following basis:
  - Current Pay Period.
  - Quarter-to-Date.
  - Calendar Year-to-Date.
  
- o Provide for accumulations of employee State withholding for:
  - Current Pay Period.
  - Quarter-to-Date.
  - Calendar Year-to-Date.
  
- o Provide procedures to communicate to Central Payroll all State directives affecting State withholding.

In addition to the requirements described above in "Deduction Data Element Requirements - General", the following data elements are specific to State withholding:

- o Provide for the following significant data elements as described in the list of Federal withholding significant data elements including:
  - Marital Status - State
  - Number of Allowances - State
  - Additional Allowances (itemized deduction allowances)
  - State Taxable Earnings - Current Period

- State Taxable Earnings - Quarter-to-Date
- State Taxable Earnings - Year to Date
- State Tax Withholding, Quarter-to-Date for each of the four quarters.

The following reporting requirements must be met for information and payout purposes. Withholding checks are sent every month to the State government with a remittance notice.

1. Employee Statement of State Withholding:

The employee's paycheck stub will report each pay period:

- "State Withholding" deduction title, if a deduction is taken.
- Deduction Amount.
- Year-to-Date (YTD) State Withholding.

2. Quarter and Annual Federal and State W-2 Information:

See description in Federal Withholding Reporting Requirements.

3. Annual Wage and Tax Statement, W-2 Forms.

See description in Federal Withholding Reporting Requirements.

j. STATE DISABILITY INSURANCE -- SDI

To support the coverage of SDI for approximately 10,000 City employees the system must meet the following requirements:

- o Provide for an eligibility test to identify the City employees who serve in classifications represented by unions which have chosen to be covered by SDI and have entered into a Memorandum of Understanding with the City. SDI-affected classifications presumably will continue to fluctuate as different bargaining units choose to participate.

SDI coverage is not available on an individual or optional basis. Locals must choose to have SDI and MOU'S must be approved. Payroll must monitor eligibility based on the above requirements.

In addition to the requirements described above in "Deduction Functional Requirements - General", the following Functional requirements are specific to SDI deductions:

- o SDI uses a percentage rate with a dollar maximum. Currently the rate is .8% up to a maximum wage base of \$17,000 for a maximum annual deduction of \$136.00 (these figures may change from year to year).

- o Provide for using Hours Type Codes and associated earnings to identify SDI subject wages. All wages are subject to SDI except:
  - Disability pay
  - Sick pay
  - Retirement pay.
  
- o Provide for computing employee SDI deductions by applying the appropriate rate against SDI subject wages only.
  
- o Provide for procedures to communicate to Central Payroll all MOU's signed by the City which contain SDI coverage agreements. Every affected classification must be identified, and Central Payroll must perform the necessary file maintenance to establish the deduction.

In addition to the requirements described above in "Deduction Data Requirements - General", the following Data requirements are specific to SDI deductions:

- SDI Exemption Code (Member/Non Eligible)
- Number of weeks of earnings (calendar weeks in which the employee earned \$20 or more)
- All wages except Disability Pay and Retirement Pay
- Quarter-to-Date Wage Totals
- Year-to-Date Wage Totals.

- o Provide for the following SDI reporting requirements:

- Each Pay Period:

- 1) Employee Statement of SDI Deductions:

- The employee's paycheck stub will report for each pay period:

- "SDI" deduction title, if a deduction is taken
    - SDI Deduction Amount
    - Year-to-Date (YTD) SDI Deductions.

- 2) Deduction Registers and Summary Reports:

- These reports are defined in "Reporting Requirements - General".

- Monthly:

- 1) Payroll must provide the necessary reports and appropriate totals to support a check to the State for the previous month's SDI withholdings (no advances are made).
  - 2) Payroll must provide the State with Form DE-3 Summary Sheet containing the employer's name, address, account number and SDI amount withheld for the month.

- Quarterly:

- 1) Payroll must provide the State with SDI deduction data containing: Social Security Number, employee name, street address, city, state, zip code, wage plan code, reporting period, total wages paid this quarter, number of weeks of earnings, State Code, annual State wages and SDI withheld.
- 2) Payroll must provide the State with a Quarterly Face Sheet summarizing quarterly contributions and report of wages. No annual reporting is required.

- Annually:

- 1) Payroll must itemize on the employee's W-2 statement all SDI withholdings.

k. EARNED INCOME CREDIT

Earned Income Credits are essentially advances on tax refunds that low-income employees can expect to receive after filing their tax returns. Federal Law states that every employer paying wages after June 30, 1979, to an employee for whom an Earned Income Credit Advance Payment Certificate (W-5) is in effect must, at the time of paying the wages, also pay the employee the earned income advance amount.

For eligible employees subject to income tax withholding, the advance payment is based on the amount of wages subject to withholding; for employees not subject to withholding, but subject to FICA taxes, the payment is based on the amount of wages subject to FICA taxes.

Payment of the advance Earned Income Credit amount by the employer is credited on a dollar-for-dollar basis against the employer's liability for income tax withholding and FICA taxes. This Earned Income Credit is a "negative" deduction resulting in additional income to the employee.

Because it is an addition to wages, there is no need for arrears accounting.

- o An employee must meet the following qualifications in order to be eligible for an EIC payment:
  - a. The employee's expected earned income and adjusted gross income must both be less than \$10,000 per year.
  - b. If married, the employee must file a joint return.

- c. The employee must not be able to exclude any income earned abroad or in any United States possession.
- d. If not married, the employee must pay over half the cost of maintaining a household in the United States.
- e. The employee must have a child living with him or her full time except when the child is away at school or on vacation.
- f. The child must be claimed as a dependent by the employee unless the employee qualifies for unmarried head of household because of the child.
- Before an employee can receive an Earned Income Credit (EIC) amount, he or she must complete a W-5 and a copy will be given to Central Payroll. As of March, 1982, there are no employees participating in Earned Income Credit.
- o Provide for an EIC Start Date and Stop Date. At the end of the calendar year the payroll file will be purged of any EIC information. Therefore, unless the employee submits another W-5 they will cease to receive an advanced EIC payment. There is no City contribution to Earned Income Credit.
- o Provide for an EIC Code to identify an employee's participation in Earned Income Credit. The EIC Code must access EIC table files for the correct deduction amount.
- o Provide for EIC deductions for the three following pay frequencies:
  - Biweekly
  - Monthly.



o Provide for the following significant data elements:

- EIC Marriage status.
  - Single or married without spouse filing certificate.
  - Married with both spouses filing certificate.
- Data elements contained in the Earned Income Credit tables (IRS Circular E).

o Provide for the following Earned Income Credit Reports:

- Biweekly:

1. The Employee's Statement of Earnings and Deductions:

- "Earned Income Credit" or "EIC" deduction title, if an addition to wages is made
- Earned Income Credit Amount
- Earned Income Credit Year-to-Date Totals.

2. Deduction Registers and Summary Reports:

See description under "Reporting Requirements - General".

- Quarterly and Annually:

3. Annual Federal and State (W-2) Information:

The EIC amount is a credit against the City's deposit amount.

See the description under the "Federal withholding" sub-section.

4. Employee's Annual W-2 Statement:

All Earned Income Credits for the year will be reported on the employee's W-2 statement.

1. DEFERRED COMPENSATION

Deferred compensation is an arrangement which permits the employee on a voluntary basis to authorize a portion of his or her salary to be withheld and invested. Neither the deferred amount nor earnings on the investments are subject to current Federal and state taxes. Taxes become payable when the deferred income plus earnings are distributed to the employee, generally at retirement when one is presumably in a lower income bracket. Deferred compensation is subject to FICA, Retirement, and SDI. There are maximum limits associated with the deduction, no arrears tracking is done, and the pay period deduction is taken in whole or not at all. Presently, about 1800 City employees participate in the Deferred Compensation program.

It is the responsibility of Retirement to administer the City's Deferred Compensation program. City policy has set the enrollment period from January through February and from July through August. Retirement is responsible for the following:

- o To monitor deferred compensation membership. Presently, the following types of employees are eligible:
  - Permanent full-time and permanent part-time employees
  - Temporary employee serving 20 hours or more a week.
- o To provide all data necessary for the Payroll system to handle additions, changes, and deletions in enrollment and provide for proper accounting of funds.

- o To perform a deposit reconciliation biweekly with the contract investment service. Data controls are needed to insure all monies deducted from wages are deposited into the correct employee's account and in the correct amount.
- o To insure that employees do not sign up for a rate of contribution which would result in exceeding a maximum contribution for the year of \$7500 or 25% of annual gross income, whichever is lower, or \$15,000 if the employee is within three or less years to retirement. No deduction should be taken beyond these upper limits.
- o To assist in performing outside transfers. The City has a reciprocity agreement with other municipalities in the State of California that also offer "non-qualified plans". The policies and procedures for outside transfer have yet to be defined.

Hartford Variable Annuity Life Insurance company (HVA) is the contract investment service for the City's deferred compensation program. HVA is responsible for the following:

- o To contact the employee "to sell" the investment program and provide the enrollment card. The employee sends in a completed enrollment card to HVA. The minimum deduction is \$5.00 per pay period.
- o To consult with the employee on the specific investment options within the plan.
- o To provide the employee with quarterly Statement of Account itemizing contributions, earnings and charges.
- o To send all payroll deduction cards to Retirement to administer the program. Retirement transfers the information to Payroll.

In addition to the requirements described above in "Deduction Functional Requirements - General" the following functional requirement is specific to deferred compensation:

- o To provide an appropriate interface to the Retirement Deferred Compensation System, the media and data to be determined.

To support deferred compensation for those City employees who are members, the system must meet the following requirements:

- o Provide for a code to identify the organization to which the deduction is to be paid. No tables are needed as only a fixed dollar amount is passed to the investment contract service. Additional codes should be reserved for new deferred compensation programs.
- o Provide for the handling of multiple deferred compensation programs for an employee.
- o Provide for an automatic fixed-amount deduction set in the employee's master file.
- o Provide for a deferred compensation deduction for the following pay frequencies:
  - Biweekly
  - Monthly.
- o Provide for an increase in deduction limit for the last three years prior to retirement. The employee must notify HVA of the increase deduction limit desired prior to retirement. HVA will notify Payroll of the increased deduction limit.
- o Provide for minimum contribution each pay period of \$5.00 as required by HVA.

- o Provide for procedures to communicate from Retirement to Payroll all additions, changes, adjustments, and cancellations of participation.
  
- o Provide for adjustment refunds to be taxed appropriately if a refund (covered in the "Adjustments Functional Area") is made through Central Payroll to allow for accurate reporting to the appropriate taxing authorities. Refund and adjustment processes will be defined by Retirement in the project's design phase.
  
- o The payroll system must accomodate the following actions upon instructions from Retirement:
  - An employee can stop deferring at any time.
  
  - If stopped, an employee may resume during the next enrollment period.
  
  - An employee can change the deferrable amount at any time.
  
  - Payroll deduction would become effective the pay period following enrollment.
  
- o The additional data elements required beyond those described above in "Deduction Data Element Requirements - General" include:
  - Deduction Organization Code (for each contract investment service)
  
  - Organization Name (e.g., "HVA")
  
  - Social Security Number
  
  - Name (first ten letters of last name, first initial of first name)

- Civil Service Classification
  - Department Number
  - Membership Status Code  
(New Member, Existing Member, Changed Member, Deleted Member)
  - Deduction Amount Predetermined  
(positive whole dollars only)
  - Deduction Amount Taken, Current Period  
(predetermined amount or none)
  - Payroll Run Date  
(the day/year the payroll was run)
  - Control Totals (for payments made).
- o If there is insufficient earnings to take the predetermined amount, no deduction will be taken and none will be put into arrears.
  - o Data Collection Method:
    - Payroll or Retirement will prepare the initial entries required for the employee's master file.
    - Employees will provide HVA signed forms for adjustments.
    - Payroll or Retirement will prepare necessary data adjustments via online or batch mode.

o Provide for the following reporting requirements:

- Each Pay Period:

1) Statement of Deductions and Earnings Reports:

The employee's check stub will report:

- "Deferred Comp" deduction title, if taken
- Deduction Amount
- Year-to-Date deferred compensation deductions.

- Biweekly:

2) Payroll Interface to HVA.

The Payroll/Personnel System will produce a magnetic tape containing detail on all deductions taken (see above for the required data elements) and will produce reports reflecting the detail on tape as well as summary totals.

- HVA will receive from Retirement:
  - EDP tape containing contribution data
  - Two paper copies of contribution data
  - Check for the contribution amount (no advances are made)



--- HVA agrees to pay the City 11¢ per name for the direct cost of processing and transmitting these salary deductions. Fees will be deducted from the total contribution amount or billed to the contract investment service.

- Annually:

W-2 Data Reports.

- The Federal and State governments receive wages data via the "Annual Federal and State (W-2) Information" magnetic tape. Wages reported are net of Deferred Compensation.
- The employee receives a W-2 itemizing the amount of annual wages less the annual deferred compensation amount.

m. JUDGES' STATE HEALTH PLAN DEDUCTIONS

To support the coverage of the judges' State health plan deduction for those Municipal Court judges participating the new Payroll/Personnel System must meet the following requirements in addition to those described above in "Deduction Functional Requirements - General":

Provide an eligibilty test to insure that judges' State health plan deductions are only established for Civil Service Classification 0200. Superior Court Judges, Class 0550, are also in the State health plan, but their premiums are deducted from wages paid by the State, not the City.

Currently, eleven (11) Municipal Court judges belong to the State health plan and nine belong to the City Health Service System. All 27 Superior Court judges must participate in the State health plan; however, their health plan contribution is deducted from their State salary.

New Municipal Court judges must participate in the State health plan unless:

- They have been a City employee prior to their appointment in which case they may belong to the City Health Service system.
- They have adequate health coverage outside the State health system.

Processing would include providing a judge an enrollment form and submitting it to the State for him or her.

Provide for monitoring the correct deduction amount based upon the judges' selection of health coverage from the State health plans.

Provide for the monitoring of State health plan employee additions, changes, and deletions.

Provide for a fixed amount deduction biweekly or every other bi-weekly pay period beginning on an effective date.

In addition to the requirements described in "Deduction Data Element Requirements - General" the following data elements are specific to the judges' State health plan deduction:

- State Health Plan Code
- Basic Health Coverage Number (State Code Number)
- Premium Amount for Basic Health Coverage
- Supplemental Coverage Code (State Code Number)
- Premium Amount for Supplemental
- Major Medical Coverage Number (State Code Number)
- Premium Amount for Major Medical Coverage.

Provide for the following reporting requirements:

- Each Pay Period or Every Other Pay Period:

- Employee Statement of Judges' State HealthDeductions

The employee's paycheck stub will report:

- o "State Health Coverage Plan" deduction title, if a deduction is taken

- o State Health Deduction Amount
- o Year-To-Date (YTD) State Health Service Deductions.

- Monthly or Every Other Biweekly Pay Period:

-- Payroll Interface to State Health System

The data passed to State Health Service System for reporting purposes is presently passed using a monthly computerized "pre-list" which the City receives from the State itemizing the State Health members and the deduction amount. All changes and re-calculated amounts such as itemizing basic plan and major medical premiums are manually entered and then sent with a warrant (currently \$1034.) to Sacramento. The system's design phase will define the processing methodology.

n. WAGE ASSIGNMENTS AND GARNISHMENTS

The City of San Francisco must comply with Civil Code Procedure Section 710 which provides a method of enforcing an unsatisfied money judgment against a person to whom the City owes wages. That is, the judgment creditor makes a "levy" upon the municipality owing money to the judgment debtor. Presently, about 650 wage assignments and 200 garnishments are processed biweekly. To support the coverage of wage assignments and garnishments for those City employees subject to them, the system must meet the following requirements:

- o Provide for multiple wage assignments and/or garnishments per employee up to a maximum of three.
- o Provide Wage Assignment and Garnishment Type Codes for the six types and sources of wage assignments and garnishments. These are:
  - a. Orders Assigning Salary or Wages for current support, current and arrears support, or arrears support. These wage assignments are issued by and payable to the respective levying counties (e.g., San Francisco, Alameda, San Mateo, etc.).
  - b. Earnings Withholding Orders for Support. These are garnishments for support arrears issued by and payable to the Sheriff's Department.
  - c. Orders Assigning Salary or Wages for Chapter 13 Bankruptcy. These wage assignments are issued by and payable to the U.S. Bankruptcy Court, a division of the U.S. District Court.

- d. Federal Earnings Withholding Order for Taxes due to delinquent income taxes. These garnishments are issued by and payable to the Internal Revenue Service.
  - e. State Order to Withhold Personal Income Tax due to delinquent income taxes. These garnishments are issued by and payable to the California State Franchise Tax Board.
  - e. Earnings Withholding Orders. These garnishments for judgments are issued by and payable to either the Sheriff's Department or the U.S. Marshall.
- o Provide for deducting wage assignments and garnishments in priority sequence using the following priorities:
- Orders Assigning Salary or Wages for Support;  
Orders Assigning Salary or Wages for Chapter 13  
Bankruptcy. First Priority
  - Earnings Withholding Order for Support (Arrears  
Only) Second Priority
  - Earnings Withholding Order for Taxes (Federal and  
State) Third Priority
  - Earnings Withholding Order (Sherrif's Judgments  
and U.S. Marshall) Fourth Priority

If two or more orders have the same priority, Central Payroll must comply with the one received first. If both orders were received on the same date, Payroll complies with the one with the earliest date of judgment. If the dates of judgment are the same, Payroll may select the order to comply with. All garnishments are dated and time stamped to acknowledge receipt and establish priorities.

- o Provide for calculating disposable earnings. The courts have defined disposable earnings as gross earnings minus:
  - Federal Income Tax
  - Social Security
  - State Income Tax
  - State Disability Insurance (SDI)
  - Payments to Public Employee Retirements Systems.

All wage assignments and garnishments are deducted from disposable earnings.

- o Provide for a fixed amount deduction each pay period defined by a court order.
- o Provide for a fixed amount deduction which is a remainder of wages or salary following the deduction of mandatory deductions or a higher priority garnishment.
- o Provide for start dates and stop dates to execute wage assignments or garnishments each pay period according to the above priorities.
- o Provide for the capability to deduct a fixed amount each pay period to accrue towards the compliance of a total sum set by a wage assignment or garnishment.
- o Provide for upper and lower deduction limits based upon a dollar amount or a percentage of disposable earnings.
- o Provide for separate check writing capabilities to the levying party. In addition to the employee's paycheck, a check must be written for the garnishment or wage assignment amount.

- o If a wage assignment or garnishment is found to be invalid by the Court or is stopped and funds have already been deducted from the employee's pay and paid to the levying party, the levying party will hold the funds until the court directs what is to be done.
- o Provide for a historical file of unpaid wage assignments and garnishments due to insufficient gross, a time lapse or the usurping of an unpaid garnishment by another garnishment. Garnishments which have been complied with may be deleted from the historical file.
- o Provide for prompt notification of a garnishment or wage assignment disruption. If a new garnishment or wage assignment usurps a current one the levying party must be notified (e.g., a Federal tax lien usurps a Sheriff's judgment. The current garnishment would be stopped, logged on the historical file, the paperwork returned to the Sheriff's Department, and the new garnishment would be started).
- o Provide for applying the following rules when deducting for Orders Assigning Salary or Wages for Support:

When counties serve Central Payroll with an "Order Assigning Salary or Wages" for current support, current and arrears support, or arrears support, the wage assignment amount is set by court order which may total up to 100% of disposable earnings.

The court may impose a time limit or the wage assignment may be ongoing. No arrears on the wage assignment are kept; if there is insufficient disposable earnings to take the full deduction no deduction is taken. The counties monitor missed deductions. When a "Release Notice" is received from the levying county, Payroll will stop the deduction.



- o Provide for applying the following rules when deducting for an "Earnings Withholding Order for Support":

When the Sheriff's Department serves Central Payroll with an "Earnings Withholding Order For Support", the document will indicate the size of the court-ordered garnishment, which may total up to 50% of disposable earnings.

If the employee is subject to an "Order Assigning Salary or Wages" for support (wage assignment), as well as an "Earnings Withholding Order for Support" (garnishment), the wage assignment amount is deducted first, and any remainder will be paid to the Sheriff's Department.

The remaining amount of disposable earnings continues to be paid until a "Release Notice" of compliance is received. The balance due is reduced each pay period by the amount deducted. No set time limit is imposed for compliance of the garnishment.

- o Provide for applying the following rules when deducting for wage assignments issued by the U.S. Bankruptcy Court:

When the U.S. Bankruptcy Court serves Central Payroll with an "Order Assigning Salary or Wages" for Chapter 13 Bankruptcy the wage assignment is set by the court up to 100% of disposable earnings for a time limit of up to 48 months.

No arrears are kept. If the full amount is not collected within 48 months the creditor may refile for another court-ordered wage assignment.

The U.S. Bankruptcy Court is the trustee for the U.S. District Court and all payments are made to the trustee.

Wage assignments issued by the U.S. Bankruptcy Court are of highest priority and are equal to "Orders Assigning Salary" for support. If the employee is currently paying for support, the U.S. Bankruptcy Court will internally defer wage assignment.

- o Provide for applying the following rules when deducting for Federal tax garnishments issued by the IRS:

When the IRS serves Central Payroll with an "Earnings Withholding Order For Taxes" (levy), the garnishment is to be 100% of disposable earnings minus an exemption Amount. Exemption Amounts are:

- For Employee:                   \$100.00 Biweekly  
                                      \$108.33 Semi-monthly  
                                      \$216.67 Monthly
- For each dependent:   \$30.00 Biweekly  
                                      \$32.50 Semi-monthly  
                                      \$65.00 Monthly.

Central Payroll must notify the employee when an IRS levy is received and give him or her an opportunity to submit Form 668-P to allow for Dependent Exemptions. Exemptions listed on the Form 668-P must be the same as the exemptions submitted by the employee on his or her Form W-4; if not, the IRS should be contacted. If the employee does not submit Form 668-P back to the City he or she is assigned one exemption.

Disposable earnings may be reduced by higher priority wage assignments or orders for support before the above exemption formula is applied.

- o Provide for the accumulation of accruals with no time constraints for the assignment of IRS garnishments. The garnishment is to remain in effect until a "Notice of Release of Levy" (668-R) has been received from the IRS.
- o Provide for issuing separate warrants to the IRS for garnishments initiated by them.

If an excess amount is deducted from the employee's check, the IRS will refund the appropriate amount. Central Payroll must provide prompt notification to the IRS of any disruption of garnishment payment and its reasons (insufficient gross, or a new garnishment with a higher priority).

- o Provide for applying the following rules when deducting for State tax garnishments issued by the State Franchise Tax Board:

Central Payroll receives three copies of an "Order To Withhold Personal Income Tax." The first copy is to be retained by Payroll for their records, the second copy should be returned with the remittance and/or the information requested, and the third copy serves as notice to the individual whose wages are to be withheld.

The "Order to Withhold Personal Income Tax" (levy) is a garnishment for up to 25% of disposable earnings due the individual. The amount requested should be withheld from any disposable earnings available after allowable deductions and any equal or higher priority garnishments have been taken.

- o Provide for accruals with no time constraints for the assignment of State levies. The garnishment is to remain in effect until a release notice is received from the State.
- o Provide for issuing separate warrants to the State Franchise Tax Board. All payments for each garnishment must be made on a separate check payable to the State Franchise Tax Board.

- o Provide for applying the following rules when deducting for an "Earnings Withholding Order":

The Sheriff's Department or U.S. Marshal serves and levies Central Payroll with an "Earnings Withholding Order".

All Garnishment Notices must be answered by the employee within ten days of receipt of the garnishment. This answer may not include a payment.

The deduction for Sheriff's Department and U.S. Marshall garnishments deriving from an "Earnings Withholding Order" is a garnishment for up to 25% of disposable earnings. Partial deductions may be taken from earnings left after higher priority garnishments have been taken.

- o Provide for a monitor of the garnishment balance paid and due and stop the garnishment upon compliance or the elapse of a 90-day limit (90 days from the day Payroll Release receives the writ).
- o All payments will be made to the Sheriff's Department or U.S. Marshall every pay period a deduction is taken. All payments must be made on a separate check for each employee.
- o Provide for the following data elements which are required for proper garnishment processing:
  - Wage Assignment or Garnishment Type Code (six types)
  - Name
  - Social Security Number
  - Civil Service Classification
  - Current Pay Period End Date
  - Department Number

- Pay Frequency
- Account Number or Levy File Number (may have more than one)
- Total Amount Due
- Start Date (if applicable)
- Stop Date (if applicable)
- Deduction Amount Taken, Current Period
- Deduction Total (Period to Date Totals per Garnishment)
- Deduction Balance Due
- Agency Name (garnishment check payee)
- Agency Address (street number and name, city, state, Zip Code).

o Provide for the following data procedures:

- Central Payroll will perform the entries required on the employee's master file.
- Agencies will notify Payroll of adjustments to be made.
- Central Payroll will perform necessary data adjustments via online or batch mode.

o Provide for the following garnishment reporting:

- Biweekly:

1. The Employee's Statement of Earnings and Deductions:

The employee's paycheck stub will report:

- "Garnishment or Wage Assignment" deduction title, if a deduction is taken
- Deduction Amount
- Deduction Total for the specific garnishment or wage assignment.

2. Deduction Registers and Summary Reports:

See descriptions under "Reporting Requirements - General".

3. Checks to the Levying Parties:

The payroll system must issue checks to the levying party for the wage assignment or garnishment amount.

Information on the check shall include:

- Agency name, address, city, zip code
- Levying file number or account number
- Employee name
- Social Security Number.

o. MAINTENANCE DEDUCTIONS

BOARD, ROOM AND LAUNDRY

To provide for maintenance deductions for City employees, the system must meet the following requirements in addition to those described above in "Deduction Functional Requirements - General:"

- o Provide for deduction type codes to separately identify maintenance deductions (Board, Room & Laundry).
- o Provide for taking fixed-amount maintenance deductions on an ongoing basis.
- o Provide for taking one-time only maintenance deductions.

Central Payroll (for fixed deductions) and the departmental timekeepers (for single pay period deductions) will refer to the Annual Salary Ordinance for the correct maintenance deduction amounts.

- o Provide for including State sales tax of 6.5% when deducting for the sale of meals ("Board") by the City to employees. The State sales tax rate is subject to change.
- o Provide for the calculation and accrual of meal sales tax payable by the City to the State.

- o In addition to the data elements described in "Data Requirements - General", the following data element is specific to maintenance deductions:
  - Maintenance Deduction Type Code:
    - Board
    - Room
    - Laundry.
  
- o Provide for the following reporting requirements:
  - Each Pay Period:
    - 1) Maintenance Deductions Accounting:

Maintenance deductions will be credited back to the employee's department. Each department credited will receive a report itemizing the credits for their department.
  
    - 2) Statement of Earnings and Deductions Reports:

The employee's paycheck stub will report each pay period:

      - "Maintenance" Deduction Title, if a deduction is taken
      - Deduction Amount
      - Year-to-Date (YTD) Maintenance deduction amounts.



3) Deduction Registers and Summary Reports:

See descriptions under "Reporting Requirements - General".

4) Report State Sales Tax:

State sales taxes will be reported quarterly to the State via a State Board of Equalization Report enumerating the board amount charged and sales tax withheld. These two amounts can be computed for reporting purposes as follows:

$$\text{Board Amount Charged} = \text{Board Deduction Amount} + 1.065.$$
$$\text{Sales Tax Withheld} = \text{Board Deduction Amount} - \text{Board Amount Charged}.$$

Reports and appropriate totals must be provided to support a check for the amount of State tax withheld. State sales tax reporting must stay current with changes in the tax rate.

p. VOLUNTARY DEDUCTIONS

Voluntary deductions supported by the payroll system are divided into the following general groups:

- Union Dues (including agency shop)
- Insurance Premiums
- Credit Unions
- Associations/Federations/Lodges
- Charities/Foundations
- Deferred Compensation (see separate write-up)
- U.S. Savings Bonds (see separate write-up).

The payroll system processes approximately 50,000 voluntary deduction transactions and 2,000 changes biweekly. As of March, 1982, the City had 125 voluntary deductions. In an analysis of deductions made in August, 1980, employee participation varied from 1 to 6700 employees per deduction. The following table illustrates the number and percentage of deduction organizations at various levels of employee participation.

<u>PARTICIPATION FEWER THAN</u>	<u>NUMBER OF ORGANIZATIONS</u>	<u>PERCENT OF ORGANIZATIONS</u>
10	16	13
25	35	28
50	49	39
100	68	54
250	86	69
500	100	80
1000	110	88
2000	121	97
6700	125	100

The functional, data, and reporting requirements are as described above in the "General" section.

Provide for Central Payroll handling of employee signed deduction authorization cards and cancellation cards. The authorization cards must be submitted through the employee organization to screen for eligibility. The organization must monitor eligibility based upon its own requirements.

To stop a deduction an employee must sign a cancellation card. The deduction will be stopped in the next pay period except:

- For the six City unions in which cancellation can occur only in January; or
- If the deduction is mandatory under Agency Shop.

Provide for a maximum of fifteen (15) separate voluntary deductions per employee. The system will define the priority of the voluntary deductions taken.

Provide for the following reporting requirements:

- Each Pay Period:

1) Employee's Statement of Earnings and Deductions Reports:

The employee's paycheck stub will report:

- Deduction Title, if a deduction is taken (e.g., "Local 400")
- Voluntary Deduction Amount
- Year-to-Date Voluntary Deductions.

2) Deduction Registers and Summary Reports:

See description under "Reporting Requirements - General".

q. U. S. SAVINGS BONDS

Approximately 250 City employees currently participate in the U.S. Savings Bonds program. Each pay period approximately 150 bonds are purchased.

Legislation is now before Congress asking for a variable interest rate on five-year bonds. If it is approved, bond interest rates could be adjusted every six months with a guaranteed base return. This legislation would not affect Payroll processing.

To provide the opportunity to purchase U.S. Savings Bonds to all City employees, the system must meet the following requirements:

- o Provide for a U.S. Savings Bonds Code to identify the employees' participation. Payroll will perform the entries required on the employee's master file.
- o Provide for deduction codes to uniquely identify each bond denomination. There are currently six denominations:
  - \$ 50.00 Bond, Costs \$ 25.00.
  - \$ 75.00 Bond, Costs \$ 37.50.
  - \$ 100.00 Bond, Costs \$ 50.00.
  - \$ 200.00 Bond, Costs \$100.00.
  - \$ 500.00 Bond, Costs \$250.00.
  - \$1,000.00 Bond, Costs \$500.00.

- o New denominations may be added in the future.
- o Provide for identifying the purchase price of each bond.
- o Provide for Central Payroll handling of employee-signed deduction authorization cards and cancellation cards. Both types of cards must be submitted directly to Payroll. Payroll will respond to the effective dates indicated on the authorization and cancellation cards.
- o The authorization card and cancellation cards shall contain the following data:
  - Name
  - Social Security Number
  - Department Number
  - Bond Owner's Name
  - Owner's Address
  - Owner's Social Security Number
  - Beneficiary or Co-Owner Name
  - Beneficiary or Co-Owner Social Security Number
  - Deduction Amount
  - Bond Denomination - (currently six values)
  - Date Effective
  - Date Signed
  - Employee's Signature.
- o Provide for any whole-dollar fixed amount deduction each pay period to accrue towards the purchase of one of six denominations of EE Bonds enumerated above.

- o Provide for simultaneous deductions towards the purchase of three separate bonds in different denominations, with different owners or beneficiaries and separate accrual processes.
- o Provide for the periodic purchase of bonds for an employee when accumulated bond deductions equal or exceed the bond purchase amount, including the issuance of reports necessary to support the purchase.
- o Provide for reducing accumulated bond deduction amounts when a bond is purchased for an employee. This is an on-going tracking activity and the tracking field is not reset to zero when crossing a quarter or calendar year.
- o Provide for adjustments as enumerated in "Functional Requirements - General".
- o Provide for the return of monies accrued prior to the purchase of a bond. This would be necessary upon an employee's cancellation notice or separation from City service.

In addition to the requirements described above in "Deduction Data Element Requirements - General", the following data elements are specific to the U.S. Savings Bonds deduction:

- Bond Owner's Name
- Owner's Address
- Owner's Social Security Number
- Beneficiary Name
- Beneficiary Social Security Number
- Co-Owner Name
- Co-Owner Social Security Number

- Bond Cost (purchase price)
  - Deduction Balance
  - Number of Bonds Purchased Calendar Year-to-Date
  - Amount for Bonds Purchased Calendar Year-to-Date
  - Indicator that a Bond is to be purchased (one character).
- o Provide for the following reporting requirements:

- Each Pay Period:

1) Employee Statement of Earnings and Deductions Report:

The employee's paycheck stub will report:

- "U.S. Savings Bond Plan" deduction title, if a deduction is taken
- Bond Deduction Amount
- Bond Deduction Balance.

2) U.S. Savings Bonds Master Report:

For all City employees participating in U.S. Savings Bonds this record consists of employee's Social Security Number, employee name, department number, owner's name, owner's address, owner's Social Security Number, beneficiary or co-owner name, beneficiary or co-owner Social Security Number, bond denomination, deduction amount authorized and date authorization is effective.



The report shall delineate additions, changes and deletions since the prior pay period.

3) U.S. Savings Bonds Deduction Report (Bond Register):

This report consists of employee's Social Security Number, employee name, department number, pay period end date, amount deducted, amount accrued since effective date, bond denomination, bond cost and indicator if a bond is ready to be purchased.

4) U.S. Savings Bonds Purchase List:

This report consists of employee's Social Security Number, employee name, department number, owner's name, owner's Social Security Number, owner's address (for mailing the bond), beneficiary or co-owner name, beneficiary or co-owner Social Security Number, bond denomination, bond cost and pay period end date.

5) U.S. Savings Bond Update Summary:

This summary report reflects the total cost of bond purchases per denomination. This report contains bond denomination, count of bonds purchased per denomination, cost of each bond, total cost per denomination and total cost for all bonds purchased.

6) U.S. Savings Bond No-Deduction Report:

This report consists of the employee's Social Security Number, employee name, department number, pay period, payment year, amount not taken, arrears, date, bond denomination and bond cost.

- Each Pay Period:

- A U.S. Savings Bond will be purchased each pay period through either a commercial bank or directly with the Federal Reserve Bank.
- Payroll will provide either one of these institutions Purchase Lists and Update Summaries.
- The project's design phase will define which institution will process bond purchases and the reporting formats to be used.
- Upon Bond purchase from either institution, Payroll will receive a Bond Purchase Proof Listing consisting of employer identification (City and County of San Francisco), pay period end date, bond owner's name, owner's Social Security Number, owner's address, bond issue date and bond mailing date.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

#### 4. WARRANT ISSUANCE

##### a. INTRODUCTION

Warrant Issuance is the final step of paying employees. The timeliness and accuracy with which it is done will significantly influence the success of the new Payroll/Personnel System.

Warrant Issuance is currently performed by the Controller's Office at its centralized location in City Hall. All forms of warrants issued by the City must be formally approved by the Controller to protect the City's legal position with regard to potential liability.

Requirements for the new Central Payroll System are being formulated on the assumption that the employees of the San Francisco Unified School District will not be paid by the new Payroll/Personnel System. These excluded employees will be paid through the District's TAPPS System now under development.

The legislative/policy requirements relating to Warrant Issuance are found in the Charter Section 8.4, and in various Controller-issued Departmental Instructions and Payroll/Personnel Procedures.

The new payroll system will provide a multitude of significant improvements in several areas. These functions include:

- Calculating all types of pay simultaneously and issuing multiple checks, if necessary, to an employee
- Itemizing Earnings and Deductions

- Generating Separate Overtime, Holiday Pay, and Garnishment Checks
- Consolidating Premium Pay with Regular Paychecks
- Pre-sorting paychecks by location code to simplify distribution to employees.

All City employees and virtually every City organization will be affected by the new Warrant Issuance system. The primary objective of the new Payroll/Personnel System is to provide timely and accurate employee pay and reporting.

The requirements bearing upon Warrant Issuance will be presented in the following sections:

- Producing Warrants and Stubs
- Bank Pick-Up Service
- Emergency Pay Warrants
- Warrant Security
- Warrant Reconciliation Input.

#### b. PRODUCING CHECKS AND STUBS

To support producing payroll warrants and pay stubs the system must meet the following requirements:

Provide for the issuance of warrants to the employee each pay period. The warrant is to contain the employee net amount of wages following all mandatory and voluntary deductions.

Provide for the required data to produce a valid warrant.

The following data items are required and may be printed by the system or pre-printed on the warrant stock:

- The City's Name (City and County of San Francisco)
- The Title: Controller's Salary Warrant
- The Warrant Serial Number, currently consisting of ten characters
- The Bank Number and Branch Number where funds are deposited to cover the warrant.

The computer-printed information on each warrant shall include:

- Date of Issue ("Release Date" to departments)
- Pay Period End Date
- Numerical Amount of Warrant
- Amount of the Warrant in words to thwart forgery
- Location Code to facilitate check distribution
- Full Name of Payee
- Social Security Number (or Organization I.D. Number)
- Address of Payee
- Fund Source.

The warrant will contain the Controller's signature.

At present, Payroll Warrants contain only the name of the payee, but there are several advantages to also printing a current address:

Helps to differentiate similar names.

Permits matching with I.D. to make more difficult the cashing of forged or stolen warrants.

Permits the use of window envelopes whenever warrants must be mailed.

Helps the department timekeeper to forward warrants to employees who are unable to pick them up personally.

Encourages employees to report new addresses to Central Payroll.

Provide for the capability to issue multiple checks to the same employee per pay period, for regular pay, overtime pay, retroactive pay or other kinds of pay.

Provide for the capability to issue a single check containing various kinds of pay (regular pay, overtime, etc.) with the paystub itemizing the separate types of pay.

Provide for a check printing sequence and physical distribution procedure to support warrant delivery or first class mailing under special conditions.

Provide for the required data to produce a valid payroll warrant stub. Payroll warrant and pay stub will be physically connected to facilitate control and distribution.

The following information shall be itemized on the Payroll Warrant stub:

Employee Name (last, first, middle initial)

Social Security Number

Warrant Serial Number

Pay Period Ending Date

Itemized gross earnings, taxes, other mandatory deductions and voluntary deductions for the current period

Calendar year-to-date totals for all earnings and deductions enumerated except for garnishments and U.S. Savings Bonds. Garnishments and U.S. Savings Bonds will extend beyond calendar year end dates.

c. BANK PICK-UP SERVICE

Bank pick-up service offers a means by which an employee's pay can be deposited directly into one of nine local commercial banks. Presently, a paycheck is produced for each employee participating in the pick-up service and Payroll Release sets the check aside.

The day before payday a bank messenger for each respective bank "picks-up" from Payroll Release all appropriate paychecks. The bank messenger signs for each check received and deposits the checks the same day. The employee receives only the warrant stub.



The new Payroll/Personnel System will need the ability to issue power of attorney reports listing by bank those employees participating in bank pick-up service, the check amount per employee, totals for each bank, and a sign-off sheet for the bank messenger.

The procedures and controls to support bank pick-up service will be defined in the project's design phase.

d. EMERGENCY PAY WARRANTS

Special or emergency situations may occur necessitating the need to generate emergency pay warrants. Special situations may include lost or late time records or gross errors in pay for any number of reasons.

The new Payroll/Personnel System will need the ability to calculate and issue a pay warrant and conveniently process the payroll transaction against the payroll files at a later time.

The transaction would be reflected on the employee's payroll records and complete the necessary accounting actions.

e. WARRANT SECURITY

The security requirements related to the control and use of warrants covers the stages of warrant issuance from blank pay warrants to delivery of the warrant to the employee.

To support the coverage of warrant security the following requirements must be met:

Provide for the purchase of blank warrants offering the highest degree of safety commercially available to protect against mutilation and duplication of warrants.

Provide for records of the starting and ending numbers of blocks of blanks that are received from the printer.

Provide for secure but not necessarily fireproof storage of blank warrant forms.

Provide for storage that is theft deterrent and adequate to store needed volume of blanks.

Provide data processing with the number of blanks that it will need for the next computer run.

Provide for receipts showing the starting and ending numbers of the checks delivered to EDP.

Provide for the proper accounting of all warrants given to EDP.

After warrants are filled in by the computer, EDP should batch warrants in the following groups:

-- Properly completed warrants

-- "Unused" warrants:

Warrants that were printed but were mutilated

Blank warrants

Warrants to be voided

Warrants to be cancelled.

Provide for a person designated in the Central Payroll/Personnel office to sign a receipt for warrants received from EDP including voids, cancels and returns.

Provide for the warrants to be processed through a check signing machine only by an authorized person.

Provide for voided or mutilated warrants to be properly stamped "VOID" and returned to the person responsible for receiving warrants.

Provide for the voided warrants on the Warrant Register to be cancelled.

Provide for security of the signature plate.

- The signature plate will be stored in a secure location under the control of Central Payroll/Personnel office.
- The signature plate will be accessible only to authorized personnel designated by the Payroll Director.
- Any check over a certain amount will have to be hand signed or require an additional signature.

Provide for warrants to be printed in sequence by a check distribution location code to ease sorting and delivery.

Provide procedures for departments to sign for warrants received from Payroll Release.

f. WARRANT RECONCILIATION INPUT

It is the goal of the new Payroll/Personnel System to develop an in-house warrant reconciliation system to account for all warrants issued.

To cover warrant reconciliation the system must meet the following requirements:

Provide for a Warrants Issued File.

The file of warrants issued will contain the following types of data:

- Warrant Number
- Document Number
- Pay Period End Date
- Date Issued
- Net Amount
- Payee (employee name).

As of March, 1982, the Controller's office is re-designing the Controller's Outstanding Warrant System to meet Payroll Audit Requirements. As a result the actual format and content of the file has not been determined as of this time.

Provide for a Payroll Warrant Register.

This will be a detailed report of all warrants issued by the Payroll System. The following information should be shown for each warrant on the register:

- Warrant Number
- Pay Period End Date
- Payee
- Social Security Number or ID Number
- Date Issued
- Net Amount.

This report should be sequenced by:

- Warrant Number.

This report should provide the following totals:

- Total Number of Warrants Issued
- Total Net Amount.

The Payroll Warrants Register will be produced each time the payroll system produces a payroll warrant.

Provide for procedures to reconcile all returned warrants.

Provide for procedures and policies to reconcile undeliverable warrants. Cancellation and reissuance policies will need to be established.

g. CONSTRAINTS

The formal constraints discussed in each of the significant areas of Warrant Issuance are of utmost importance in the development of a secure and efficient Payroll/Personnel System.

In addition, the system must provide for whatever record counts, hash totals, and batch totals may be necessary to insure the integrity of system input and output data, both in the manual data preparation phase and in the system processing phase.

Security procedures must exist to insure that Warrant Issuance data be entered only by personnel authorized to do so.

Security procedures must exist to insure that warrant storage and control responsibilities are limited to authorized personnel who have undergone a background investigation.

#### h. IMPLEMENTATION PRIORITIES

All of the requirements discussed above are considered fundamental features of the new Payroll/Personnel System. In addition, other features are considered desirable. These features will be treated as Expanded Performance Objectives and will be considered when payroll/personnel software is evaluated. However, they are not requirements and no commitment is made to providing them at the time of initial system implementation. The following features are in this category:

- Additional Information on the Pay Warrant Stub:
  - A printed telephone number an employee could call to report pay discrepancies
  - Information, greetings or "thank-you" messages.
- Provision of automatic (EFT) payroll deposit services.
- Online Emergency Pay Warrants:
  - Online gathering of emergency warrant information could be printed onto a voucher.
  - The employee could take the voucher to the Treasurer's and receive cash.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date: \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## 5. AUDITS AND CONTROLS

### a. INTRODUCTION

The new integrated system design proposes to alter the current procedures by placing greater reliance on the contents of master files, the use of exception reporting, the power of automated validity testing and the accuracy of automated calculation and tracking.

Less emphasis will be placed on manual pre-payroll auditing. The sensitive and critical nature of the integral system functions require the definition, establishment and maintenance of comprehensive system controls and audits to ensure that only valid data is accepted and that it is processed completely and accurately.

Adequate controls must be established for two basic reasons:

To ensure the accuracy of the processing and the accuracy of the reports generated as a result.

To prevent computer-related fraud and unauthorized access to information.

Good controls provide the system with a high degree of reliability and data integrity. The accuracy and orderliness which result from good controls will lead to greater processing efficiency by reducing the number of errors that enter the system requiring manual intervention and subsequent processing.



System controls must include a comprehensive set of security measures which:

Provide appropriate preservation of privacy on sensitive data

Limit user access to data on a need-to-know basis

Restrict data changes to authorized organizations and personnel

Avoid accidental changes or unrecoverable destruction of data, and

Provide a mechanism that satisfies accounting and audit trail requirements.

The primary legislative and policy requirements relating to audits and controls can be found in the City and County of San Francisco Charter Sections 3.303, 3.305, and 6.303.

b. FUNCTIONAL REQUIREMENTS

The audit and control function involves three essential elements:

Input Controls

Processing Controls

Output Controls/Audit Trail.

Input controls refer to procedures established to insure all data which should be entered into the system is entered, that the data is correct and that all rejected transactions are corrected and reentered into the system.

Processing controls are measures to insure all data entered is fully validated and that it is processed completely and correctly.

Output controls are measures to ensure that all transactions reach the end of the processing cycle, that arithmetic calculations have been performed correctly, that the processing has taken place as specified, and that no alterations to the data have occurred from the time the input data is edited through the time of file updating and the preparation of final reports.

Audit trails provide a means for checking and correcting errors which occur within the system and are required to satisfy legal, accounting and audit requirements.

### Input Controls

The input control function involves the following essential elements:

Recording

Data Entry

Data/File Access.

#### Recording:

Provide input forms which minimize the amount of variably-encoded data that must be entered.

Provide for standards to assist those who are recording data to assess the reasonableness of what they are entering. For example, biweekly normal hours must not exceed 80 hours.

Provide for a check digit where appropriate to ensure that key data is recorded correctly. A check digit is a digit added to identification numbers to ensure the entire data field is entered correctly.

Provide for the use of batch counts on groups of documents.

All documents must bear approval and review signatures by authorities as appropriate to the document and action being taken (i.e., Controller, Retirement, or Civil Service).

#### Data Entry:

Provide for various validity tests which are required to detect errors, as stated in Time Reporting and other sections of this report, and permit only correct transaction to be entered into the system.

Depending upon the sophistication of the data entry system, provide the following types of tests to ensure that data is entered accurately:

- Key verification of all or essential fields

- Numeric only tests

- Alpha only tests

- Must-enter tests

- Must-fill tests

- Limit/range tests

- Simple content tests

- Field-to-field comparisons

- Batch totals for amount fields.

Provide for entry of manually calculated control totals which are used to reconcile against system-generated control totals to ensure all data are entered. Discrepancies must be reconciled before data are submitted for processing.

#### Data/File Access:

Provide multiple-level control to access data files. System must have lock-out capabilities to restrict access to files, records or fields within records based on operator I.D. and/or terminal ID and passwords.

A unique identifier for reference and audit trail purposes must be generated by the system for each input event.

Central System personnel must review and maintain an Access Log of activities to record operator ID/terminal ID, time, date and transaction type.

Provide for all change transactions to be queued for processing by central personnel rather than performed on a real-time basis, if desired.

Provide a listing of all initial input transactions for review and audit trail purposes.

## Processing Control

The processing control function involves three essential elements:

System Validation and Batch Checks

Operation Control

Accuracy/Completeness Control.

### System Validation and Batch Check:

When initial data entry is completed and rejected records are corrected, the input files are then submitted for a validation and batch check. Various data checks must be performed.

Provide ability to detect duplicate records.

Provide for system-generated hash totals or record counts to be reconciled with input control totals. Discrepancies must be accounted for. All errors identified must be corrected before further processing is performed.

Provide for validity testing of all input data. This is discussed in detail in the individual subject areas of the report.

Provide either manual or system-generated default codes specific to departments to allow the system to continue processing in the event that insufficient time is available for central personnel to contact departments for correction, when such action is appropriate.

## Operation Control:

Provide for controlled sharing of responsibility of updating and maintenance of master files and edit tables among Controller, Civil Service, Retirement and Health Service.

Provide for separation of responsibilities within the payroll processing area as a security measure against potential fraud. The following activities must be performed by separate personnel:

Input Preparation

Balancing/Edit Run Review

Computer Operation

Distribution of Output.

Payroll personnel should be restricted from having access to work areas or records whenever there is not a legitimate "need-to-know".

Provide a listing of all final validated change transactions against edit tables and master files. The listing must reflect old and new values for changed data, new records for 'add' transactions and old records for 'delete' transactions.

## Accuracy/Completeness Control:

Provide controls to ensure all data entered is processed completely and accurately. This involves verifying that data passed from one program in the system to another is received in total by the second program.

Provide summary reports which provide a synopsis of the processing for a series of programs.

Provide procedures for reviewing and balancing system-generated control totals to input control totals to ensure all input entered was processed completely and accurately.

Provide for balancing gross to net and reporting any discrepancies.

### Audit/Output Controls

The Audit/Output control function involves the following essential elements:

Audit Trail

Sampling of Data

Exception Control.

#### Audit Trail:

The system must provide sufficient documentation to allow users:

To reconstruct transactions if data is destroyed

To trace back to source documents for audit and adjustment purposes

To determine that system tracking fields meet appropriate balance tests.

## Sampling of Data:

Provide for performing test runs periodically for checking the system's integrity. Test data should consist of a group of representative transactions whose output results are known. These transactions can then be followed through the system to ensure that all processing has taken place as required.

## Exception Control:

Provide for procedures to investigate all limit violations and to determine the cause of such exceptions. Other exception controls involve the comparison of totals for the current pay period with totals for similar pay periods to spot large deviations as a test of general reasonableness.

### c. DATA REQUIREMENTS

The data requirements needed in supporting the audits and controls functions encompass all data elements as stated in this report.

### d. REPORTING REQUIREMENTS

Each department must be provided with the information necessary to insure that all input transactions have been properly processed and recorded. Further, control reports must be available to a department on request to allow department personnel to reconstruct transactions which have been processed in the system, for control and adjustment purposes.



Central data processing unit must receive reports regarding control and balance of dollars, hours and record counts to insure nothing is erroneously processed.

The following reports are required:

#### Input Transaction Listing

Provides user with a listing of all transactions that have been input in an appropriate sequence.

#### Input Error Report

Provides detailed information on individual time entries and change transactions. Error messages or edit codes are listed for rejected transactions (e.g., insufficient Sick Leave accrual).

#### File Access Audit Log

Provides information for tracking on-line actions. The system must keep track of operator and terminal identifications, date, time, transaction types and value fields.

#### Balancing Report

Compares the entered batch control totals with computer-generated control totals during the edit run. If amounts differ, a message is printed. Reports any gross-to-net out of balance conditions.

## Processing Summary Report

Identifies totals which will be used for comparison to detailed output reports (i.e., total records processed, total net pay).

### e. CONSTRAINTS

The effectiveness of audits and controls of the Payroll/Personnel System rely on the cooperation of all users and the system operating personnel. Users must report any irregularities to system personnel for immediate investigation and corrective actions. Approval signatures on input documents must imply that such documents have been reviewed and validated by authorized personnel.

It should be emphasized that controls cost money. The writing of edit programs and the detection and correction of errors are expensive procedures to implement.

Excessive controls can degrade the system processing efficiency; however, a system lacking in adequate control is susceptible to both intentional and unintentional errors by persons using the system. Controls should, therefore, be used wisely.

### f. IMPLEMENTATION PRIORITIES

All of the manual procedures and system audits and control features discussed above are considered fundamental requirements of the new Payroll/Personnel System.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## 6. PAYROLL INTERFACE TO FAMIS

### a. INTRODUCTION

The payroll interface to FAMIS will be the means of transmitting summarized payroll data into the City's central accounting system - FAMIS.

The new payroll system also supports the following external information systems indirectly since they interface with FAMIS for the required financial and management information:

- Budget Preparation System (BPREP)
- Management by Objective Reporting System (MbO).

The objective of the payroll interface is to pass payroll related data to FAMIS on an accurate, timely and fully automated basis.

The accuracy objective will be facilitated by:

- Eliminating anticipated pay which will change payroll charges to an actual basis, abolishing the type of errors that were caused by anticipation
- Providing thorough validation of input data which will minimize errors and produce more reliable data.

The objective related to time actually involves two separate but related issues.

The first issue, timeliness, deals with passing processed payroll data to FAMIS/MBO as quickly as possible.

Currently, the Payroll System interfaces to FAMIS on a daily basis. This is due to the existing practice of spreading the work load into ten daily processing cycles. As a result, the timely closing of each fiscal month is delayed in order to capture all payroll costs that belong to the fiscal month.

In contrast, the new Payroll/Personnel System will:

- Shorten the time required to perform each payroll processing cycle
- Reduce the number of payroll processing cycles to something less than the current ten and perhaps as few as two.

The second and more complex time-related issue deals with the time frame difference which exists between the biweekly payroll period and the monthly financial reporting period.

The new Payroll/Personnel System will maintain the biweekly payroll cycle but will also provide month-end payroll costs through the mechanism of accruing and interfacing estimated unprocessed payroll costs to meet the monthly financial reporting requirement. These accruals will automatically be reversed prior to the next payroll processing cycle.

The objective related to automation is to generate and interface to FAMIS all transactions required to complete the payroll accounting event. There are five transaction types:

- |     |   |
|-----|---|
| 265 | To record gross payroll charges and City's matching contribution for payroll deduction. |
| 266 | To record the net amount of payroll warrants released as a liability.                   |

- 267           To record the transfer of payroll deduction and City's matching contribution to the applicable appropriate subsidiary account in the payroll deduction trust fund (for payrolls released).
- 271           To record an interdepartmental recovery for Unemployment Insurance charges from the payroll interface.
- 308           Records the accrual of gross payroll charges and City's matching contributions.

Currently, only transaction type 265 is automatically interfaced to FAMIS from the payroll system. Transaction types 266, 267, and 271 are manually recorded in FAMIS through journal entry a day or two later. This operation is very time consuming, error prone, and inefficient for payroll control purposes. No City-wide use is currently made of transaction type 308 for month-end payroll accruals.

The new Payroll/Personnel System's ability to generate all four transaction types will achieve the following:

- Fully utilize FAMIS payroll clearing account (General Ledger 695) for control purposes
- Reduce the number of possible payroll errors
- Record the complete accounting event on a more timely basis.

### Scope

Priorities have been established and boundaries drawn to insure that the new Payroll/FAMIS interface will perform all essential interface functions. However, certain features have been ruled outside the scope of the project.

- Actual month-end payroll costs will not be interfaced. The options listed below have been considered but found impractical for implementation:
  - o Interface actual payroll costs by splitting payrolls which cross months.
  - o Implement a semi-monthly payroll period.
- All interface records for gross payroll charges and matching contributions will be considered current year transactions. Therefore, the payroll interface will not generate Transaction Code 270 in recording prior year's expenditures.
- No fund sufficiency edits will be performed. This function will continue to be performed by FAMIS.
- No batching of payroll transactions in the interface to FAMIS will be performed. This function will continue to be performed by FAMIS's Interface Program to generate batch header records for the summarized transactions it receives from the Payroll interface.
- No special cash freeze transactions or reversal entries during the fiscal year-end closing process will be generated. This function will continue to be performed by FAMIS.

#### Opportunities For Improvement

The new Payroll/Personnel System will incorporate the good features of the current payroll interface while addressing its inefficiencies as opportunities for improvement.

The new Payroll/Personnel System's ability to thoroughly validate data, to increase processing efficiency, to develop month-end payroll accruals and to generate the full range of payroll accounting transactions will represent a significant improvement over the current system.

b. FUNCTIONAL REQUIREMENTS

The Payroll/FAMIS interface function basically involves six operations:

- Sequencing fully costed labor input data
- Summarizing the labor input data
- Generating the interface transactions
- Generating month-end accrual interface transactions
- Backing out accrual transactions
- Providing override features to the Payroll/Personnel Edit Table(s) when interfacing prior fiscal year retroactive adjustment

To support these interface operations, the new Payroll/Personnel System will do the following:

Provide input labor data which is fully costed with pay, all forms of deductions and all forms of City share costs separately identified.

Provide input labor cost data sequenced by:

Document Number (unique to department)

Index Code

Project/Work Phase

Sub-Object

Department Defined Data

Those records having the same values for these five attributes will form an input group for summarization purposes.



Develop summarized costs for each input group using the following separately identified cost categories:

Gross Pay

Federal Withholding Tax

State Withholding Tax

Local Tax Deduction (future use)

Social Security Tax Deduction

Health Service Deduction

City Retirement Deduction by Plan

Non-City Retirement Deduction by Plan

Voluntary Deduction

SDI Deduction

Jury Duty Deduction

Maintenance Deduction

Deferred Compensation Deduction

Bond Deduction

Net Pay

Garnishment -- by Garnishment Type

Social Security Match Contribution

Health Service Match Contribution

City Retirement Match Contribution by Plan

Non-City Retirement Match Contribution by Plan

State Unemployment Insurance Charge -- City Paid

State Unemployment Insurance Administration Fee --  
City Paid.

Generate a transaction type 265 for each of the following cost categories which hold a value other than zero:

Gross Pay

Social Security Match Contribution

City Retirement Match Contribution

Non-City Retirement Match Contribution

Health Service Match Contribution

State Unemployment Insurance Charge -- City Paid

State Unemployment Insurance Administration Fee -  
City Paid.

Generate a transaction type 266 for each of the following cost categories which holds a value other than zero:

Net Pay

Garnishments.

Generate transaction type 267 for each of the following cost categories which hold a value other than zero:

Social Security Match Contribution plus Social Security Deduction

City Retirement Match Contribution plus City Retirement Deduction

Non-City Retirement Match Contribution plus Non-City Retirement Deduction

Health Service Match Contribution plus Health Service Deduction

Federal Withholding Tax

State Withholding Tax  
SDI Deduction  
Maintenance Deduction  
Jury Duty Deduction  
Voluntary Deduction  
Bond Deduction  
Deferred Compensation Deduction.

Generate a transaction type 271 for each of the following cost categories which holds a value other than zero:

State Unemployment Insurance Charge -- City Paid  
State Unemployment Insurance Administration Fee -- City Paid.

Use the cost categories to derive the amounts required for each transaction.

Use the Document Number, Index Code, Project/Work-Phase, and Sub-Object which is input with the labor data for the interface transaction records when appropriate.

Access a Payroll/Personnel Edit Table(s) to derive necessary codes not available in the input labor data. Depending upon the transaction type and cost category the tabled values could be Index Code, Project/Work-Phase, Sub-Object, Subsidiary Account Number, and Warrant Series Number.

Generate transaction type 308 to interface month-end accrual of unprocessed payroll costs for FAMIS month-end reporting purposes for each of the following cost categories which hold a value other than zero:

Gross Pay

Social Security Match Contribution

City Retirement Match Contribution

Non-City Retirement Match Contribution

Health Service Match Contribution

State Unemployment Insurance Charge -- City Paid

State Unemployment Insurance Administration Fee --  
City Paid.

Generate reversal transaction type 308R to back out the accrual of unprocessed payroll costs prior to the next interface of actual payroll costs.

Allow input records carrying sub-object 0176 to be processed using 0176 as the sub-object on all transaction types interfaced to FAMIS. Prior year retro-active adjustments identified by sub-object 0176 will be an exception to using the Payroll/Personnel Edit Table(s) to generate various sub-objects.

The following tables show, by transaction type, the cost categories and associated codes required by the transactions.

TRANSACTION CODE AND DATA ELEMENTS REQUIRED FOR PAYROLL/FAMIS INTERFACE RECORDS  
TRANSACTION TYPE 265

TABLE I

CHARGE TYPE OF PAYROLL COST CATEGORIES	DATA ELEMENTS AT LEVEL OF SUMMARIZATION					DEPARTMENT DEFINED DATA
	DOCUMENT NUMBER	TRANSACTION CODE	INDEX CODE	PROJECT WORKPHASE	SUB-OBJECT	
GROSS PAYROLL CHARGES	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA
SOCIAL SECURITY MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	0606 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA
CITY RETIREMENT MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	0600-NONUNIF. 0602-UNIFORM SYSTEM GEN.	DERIVED FROM LABOR INPUT DATA
NON-CITY RETIREMENT MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	0601 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA
HEALTH SERVICE MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	0613 - PORT 0610 - OTHER SYSTEM GEN.	DERIVED FROM LABOR INPUT DATA
STATE UNEMPLOYMENT INSURANCE CHARGE - CITY PAID	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	0620 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA
STATE UNEMPLOYMENT INSURANCE ADMINISTRATION FEE - CITY PAID	DERIVED FROM LABOR INPUT DATA	265 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA	DERIVED FROM LABOR INPUT DATA	0621 - SYSTEM GENERATED	DERIVED FROM LABOR INPUT DATA

TRANSACTION CODE AND DATA ELEMENT REQUIREMENTS FOR PAYROLL/FAMIS INTERFACE RECORDS  
TRANSACTION TYPE 266

TABLE II

NET TYPE OF PAYROLL COST CATEGORIES	DATA ELEMENTS AT LEVEL OF SUMMARIZATION				
	DOCUMENT NUMBER	TRANSACTION CODE	INDEX CODE	PROJECT WORKPHASE	SUB-OBJECT
NET PAY	DERIVED FROM LABOR INPUT DATA	266 - SYSTEM GENERATED	039990-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED
GARNISHMENT	DERIVED FROM LABOR INPUT DATA	266 - SYSTEM GENERATED	039990-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED

TRANSACTION CODE AND DATA ELEMENT REQUIREMENTS FOR PAYROLL/FNARS INTERFACE RECORDS  
TRANSACTION TYPE 267 (WITH SUBSIDIARY ACCOUNTS)

TABLE III

DEDUCTION TYPE OF PAYROLL COST CATEGORIES	DATA ELEMENTS AT LEVEL OF SUMMARIZATION					SUBSIDIARY ACCOUNT
	DOCUMENT NUMBER	TRANSACTION CODE	INDEX CODE	PROJECT WORKPHASE	SUB-OBJECT	
FEDERAL WITHHOLDING TAX	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	028985-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
STATE WITHHOLDING TAX	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	028977-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
SOCIAL SECURITY DEDUCTION PLUS SOCIAL SECURITY MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	028993-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
CITY RETIREMENT DEDUCTION PLUS CITY RETIREMENT MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029231-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
NON-CITY RETIREMENT DEDUCTION PLUS NON-CITY RETIREMENT MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029017-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
VOLUNTARY DEDUCTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029033-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
JURY DUTY DEDUCTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029058-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
STATE DISABILITY INSURANCE DEDUCTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029793-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.
ROOM AND BOARD DEDUCTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029066-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED	MULTIPLE ACCOUNTS - SYSTEM GEN.

TRANSACTION CODE AND DATA ELEMENT REQUIREMENTS FOR PAYROLL/FAMIS INTERFACE RECORDS  
TRANSACTION TYPE 267 (WITHOUT SUBSIDIARY ACCOUNTS)

TABLE IV

DEDUCTION TYPE OF PAYROLL COST CATEGORIES	DATA ELEMENTS AT LEVEL OF SUMMARIZATION				
	DOCUMENT NUMBER	TRANSACTION CODE	INDEX CODE	PROJECT WORKPHASE	SUB-OBJECT
HEALTH SERVICE DEDUCTION PLUS HEALTH SERVICE MATCH CONTRIBUTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029249-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED
BOND DEDUCTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029041-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED
DEFERRED COMPENSATION DEDUCTION	DERIVED FROM LABOR INPUT DATA	267 - SYSTEM GENERATED	029686-SYSTEM GENERATED	00000-SYSTEM GENERATED	0000-SYSTEM GENERATED



CORRESPONDING/COMPANION TRANSACTION CODE AND DATA ELEMENT REQUIREMENTS FOR  
PAYROLL/FAMIS INTERFACE RECORDS  
TRANSACTION TYPE 271

TABLE V

CHARGE TYPE OF PAYROLL COST CATEGORIES	DATA ELEMENTS AT LEVEL OF SUMMARIZATION				
	DOCUMENT NUMBER	TRANSACTION CODE	INDEX CODE	PROJECT WORKPHASE	SUB-OBJECT
STATE UNEMPLOYMENT INSURANCE CHARGE - CITY PAID	DERIVED FROM LABOR INPUT DATA	271 - SYSTEM GENERATED	940957-SYSTEM GENERATED	00000-SYSTEM GENERATED	3900-SYSTEM GENERATED
STATE UNEMPLOYMENT INSURANCE ADMINISTRATION FEE - CITY PAID	DERIVED FROM LABOR INPUT DATA	271 - SYSTEM GENERATED	940957-SYSTEM GENERATED	00000-SYSTEM GENERATED	3900-SYSTEM GENERATED

TRANSACTION CODE AND DATA ELEMENTS REQUIRED FOR PAYROLL/FAMIS INTERFACE RECORDS  
FOR PAYROLL ACCRUAL TRANSACTION TYPE 308

TABLE VI

CHARGE TYPE OF PAYROLL COST CATEGORIES	DATA ELEMENTS AT LEVEL OF SUMMARIZATION						DEPARTMENT DEFINED DATA
	DOCUMENT NUMBER	TRANSACTION CODE	INDEX CODE	PROJECT WORKPHASE	SUB-OBJECT		
GROSS PAYROLL CHARGES	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	
SOCIAL SECURITY MATCH CONTRIBUTION	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	0606 - SYSTEM GENERATED	SYSTEM GENERATED	
CITY RETIREMENT MATCH CONTRIBUTION	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	0600-NONUNIF. 0602-UNIFORM SYSTEM GEN.	SYSTEM GENERATED	
NON-CITY RETIREMENT MATCH CONTRIBUTION	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	0601 - SYSTEM GENERATED	SYSTEM GENERATED	
HEALTH SERVICE MATCH CONTRIBUTION	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	0613 - PORT 0610 - OTHER SYSTEM GEN.	SYSTEM GENERATED	
STATE UNEMPLOYMENT INSURANCE CHARGE - CITY PAID	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	0620 - SYSTEM GENERATED	SYSTEM GENERATED	
STATE UNEMPLOYMENT INSURANCE ADMINISTRATION FEE - CITY PAID	SYSTEM GENERATED	308 - SYSTEM GENERATED	SYSTEM GENERATED	SYSTEM GENERATED	0621 - SYSTEM GENERATED	SYSTEM GENERATED	

c. DATA REQUIREMENT

The data elements needed to support the payroll interface function will be derived from the following sources:

- Fully validated and costed labor input data
- Payroll/Personnel Edit Table(s).

Many data elements will appear in various places. For example, the sub-object must appear in the labor input data to identify the specific nature of expenditure as well as in the Payroll/Personnel Edit Table(s) for sub-object generation purposes. Each data element will be cited only once to avoid redundancy.

The following data elements are necessary to perform the payroll interface function to FAMIS:

-- Transaction Code -

The Transaction Code is a five-digit alpha-numeric field with three elements. The first element of three digits is the numeric Transaction Type. The second element of one digit is the Transaction Reversal Code used to reverse previous transactions. The reversal code is an "R". The last element of one digit is the Transaction Suffix used exclusively with encumbrance documents and as such is not applicable to payroll processing.

o Transaction Type 265 -

- Description

Records gross payroll charges and City's matching contributions for payroll deduction.

- Purpose

Records an increase to expenditure as a payroll charge while establishing the gross amount of payroll charge in the payroll clearing account to monitor the subsequent payroll deduction off-setting transactions as a tool for verifying the accuracy and completeness of the total accounting event.

o Transaction Type 266:

- Description

Records the net amount of payroll warrants issued as a liability of the Treasurer's Office.

- Purpose

To reduce the gross amount of expenditures charged to the payroll clearing account by the issued net amount of payroll warrants established as a liability.

o Transaction Type 267:

- Description

To record the transfer of payroll deductions and City's matching contributions to the payroll deduction trust fund (for payrolls issued).

- Purpose

To record the payroll deduction amount earmarked for a specific purpose as a debit to cash and a credit to an unreserved trust fund balance. This transaction also reduces the gross amount of payroll expenditures charged to the payroll clearing account by the amount of deductions transferred to the trust fund.

o Transaction Type 271:

- Description

To record an interdepartmental recovery for State Unemployment Insurance charges and administrative fees from the payroll interface.

- Purpose

To record that amount charged to the various departments for unemployment insurance as an interdepartmental recovery and a transfer of cash to the State Unemployment Insurance Fund which holds monies for the administration of the program.

o Transaction Type 308:

Description

Records the accrual of gross payroll charges and City's matching contributions.

Purpose

Records the accrued payroll charges and City's matching contributions which increase an expenditure and accrued payroll liability account for month-end financial reporting.

- Document Number      - An eight-digit alphanumeric field used for identifying the system from which the data derives and some significant sub-group within the data. All payroll transactions must have a document number beginning with "PY", meaning Payroll System.
  
- Index Code            - A six-digit number which refers to an expanded data classification structure that identifies the fiscal entity, organization, program and the level of appropriation control and includes a check digit.
  
- Sub-object            - A four-digit number that identifies the lowest level of expenditure or revenue.

- Project
  - A three-digit number that identifies a specific project appropriation as a unique funded entity such as capital projects and grants.
- Work-Phase
  - A two-digit number that identifies a specific subdivision of the project.
- Department Defined Data
  - A four-digit user defined code that further specifies an account.
- Subsidiary Account
  - A nine-digit number used to segregate accumulated dollar balances at a lower level to support selected general ledger accounts.
- Warrant Series Number
  - A three-digit number that identifies a specific class of outstanding warrants.
- Deduction Identification Code
  - A code used to uniquely identify every deduction that appears on employee's labor record.
- Amount
  - Dollar amount associated with the transaction.

d. REPORTING REQUIREMENTS

The following reports are required after each payroll processing cycle:

Payroll Interface Reconciliation Report

A report summarizing by department and labor code the following costs:

- Gross Payroll Charges
- Social Security Match Contribution
- City Retirement Match Contribution
- Health Service Match Contribution
- State Unemployment Insurance Charge -- City Paid
- State Unemployment Administration Fee -- City Paid
- Non-City Retirement Match Contribution.

This report would be used by the central payroll staff to compare with a similar report from the Labor Distribution module to insure that the gross payroll charges which were output by the labor distribution module were also output by the interface module.

Interface Transaction Register Report

A report summarizing interface amounts by transaction type at the following levels:

- Input Group
- Document Number
- Payroll Processing Cycle.



This report would be used by the central payroll staff to review interface transactions to insure that they are internally balanced. That is, the sum of type 265 transactions should equal the sum of all others. In addition, this report should be compared with FAMIS-produced Interface Reports for agreement.

e. CONSTRAINTS

Security procedures must exist to insure that system run controls are limited to central payroll operations personnel who are authorized to perform these functions.

Current adjustments, meaning adjustments relating to services rendered in the current fiscal year, will be treated as normal transactions using all the appropriate sub-objects in the described payroll processing cycle.

Retroactive adjustments, meaning adjustments relating to services rendered in prior fiscal years will be uniquely identified by use of sub-object, 0176. All payroll costs must be charged to sub-object 0176. This means that gross payroll charges, Social Security Match Contribution, City Retirement Match Contribution, and Non-City Retirement Match Contribution must be accumulated in their proper sub-objects for reporting purposes, but interfaced to FAMIS in one lump sum under 0176 sub-object. In addition, the transactions will be treated as current year transactions as there is no ability to go back in time relative to the FAMIS accounts.

f. IMPLEMENTATION PRIORITIES

All of the requirements discussed above are fundamental to the Payroll Interface and must be implemented simultaneously.

FAMIS has the capability to collect hours worked as well as dollars charged per account. This ability to collect hours is currently not being exercised. The new Payroll/Personnel System will be able to provide hours to FAMIS should it be required in the future.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## 7. PAYROLL ADJUSTMENTS

### a. INTRODUCTION

Payroll Adjustments are varied in nature. However, in terms of grouping adjustments, they can be categorized in terms of the type of corrective action being taken as follows:

- Pay Additional Salary (a positive adjustment). This is to correct gross earnings underpayment errors usually caused by:
  - o Reporting fewer hours than were actually worked
  - o Reporting insufficient special earnings
  - o Using a lower salary rate than required.
  
- Withhold Salary (a negative adjustment). This is to correct gross earnings overpayment errors usually caused by:
  - o Reporting greater hours than were actually worked
  - o Reporting excess special earnings
  - o Using a higher salary rate than required.

- Issue Deduction Refunds (a positive adjustment). This is to correct overdeduction errors usually caused by:
  - o Taking an unauthorized deduction
  - o Using a higher deduction rate than required.
  
- Take Additional Deduction (a negative adjustment). This is to correct underdeduction errors usually caused by:
  - o Failing to take an authorized deduction
  - o Using a lower deduction rate than required.
  
- Make Additional City Match Contribution (a positive adjustment). This is to correct undercontribution errors usually caused by:
  - o Failing to compute a match amount
  - o Using a lower contribution rate than required.
  
- Reduce City Match Contribution (a negative adjustment). This is to correct overcontribution errors usually caused by:
  - o Computing a match amount when there should not have been one
  - o Using a higher contribution rate than required.

The adjusting of deductions and City-match refer to situations in which nothing is wrong with the employee's gross pay. Deductions and City-match errors which exist because of a gross pay error will usually self-correct when the gross-pay itself is corrected. For example, if an employee was underpaid \$50.00 he or she was also underdeducted for tax, FICA and Retirement. However, when the \$50.00 is paid the deductions will be taken automatically.

There are two sub-types of payroll adjustments -- a current adjustment and a retroactive adjustment. Each type requires special handling. The Current Adjustment is one which corrects errors which occurred during the current fiscal year. This type uses all the appropriate sub-objects except 0176. The Retroactive Adjustment affects a prior fiscal year and is identified by a unique sub-object -- 0176.

An additional objective of the new Payroll/Personnel System is to make the payroll adjustment process as simple, fast, accurate and complete as possible.

b. FUNCTIONAL REQUIREMENTS

Four major groups of requirements have been identified as the basic components necessary to support the overall Payroll Adjustment function. The four major groups are:

- General Requirements
- Warrant Cancellation With or Without Reissuance
- Separate Adjustment With or Without Separate Warrant Issuance
- City Match Contribution Correction.

General Requirements

Provide for identifying adjustment transactions from regular payroll transactions.

Provide the ability to input and process both positive and negative adjustments.

Provide the ability to identify and process adjustments to gross pay, deductions or City-match contributions.

Provide for identifying two different adjustment types, Current and Retroactive.

Provide the ability to access every file, including edit tables, and to adjust every data element affected by the type of adjustment, including period-to-date accumulators and hours fields.

Provide the ability to calculate salary adjustment amounts based upon input hours and to accept input adjustment amounts for salary. Non-salary adjustments would require adjustment amounts.

Provide for processing adjustment transactions with regular transactions.

Provide for interfacing all adjusting entries, both positive and negative, to the City's accounting system via the Payroll/FAMIS interface.

In addition to these basic requirements, other requirements derive from how the adjustments will be made.

The new Payroll/Personnel System will use the following approaches in handling adjustments:

Provide for identifying and processing Warrant Cancellations with or without Reissuance

Provide for identifying and processing separate Adjustments with or without separate Warrant Issuance

Provide for identifying and processing City Matching Contribution Corrections.

#### Warrant Cancellation With/Without Reissuance

Warrant cancellation with reissuance occurs when:

- Something is materially wrong with the original warrant issued, it is retrievable and can be cancelled with a corrected warrant issued.
- The original warrant was lost or destroyed and it must be cancelled with a replacement warrant issued.

Warrant cancellation without reissuance occurs when:

- The original warrant should not have been issued, it is retrievable and can be cancelled.

The goal in warrant cancellation is for the new Payroll/Personnel System to locate the employee's incorrect pay record, determine the original transactions, and generate entries to reverse its impact completely. To achieve this the following requirements must be met:

Provide for minimal user input of data to achieve cancellation, perhaps only:

Warrant Number

Document Number

Social Security Number.



Provide access to a warrants transaction file which contains all data relative to the warrant which is necessary for its cancellation. This must include:

Warrant Number

Social Security Number

Document Number

Labor Code(s)

Pay Period End Date

Hours by Type

Special Earnings Types and Occurrence Counts

All Dollar Amounts of:

Gross Pay

Net Pay

Taxes and Deductions by Type

City-Match by Type.

Not every record in the warrant transaction file will necessarily have values in all of these fields. For example, if the warrant being cancelled was to make a deduction refund, the record would not be carrying hours.

Provide for subtracting (reversing) all hour and dollar values from the appropriate tracking fields in the employee's master record based upon the data obtained from the warrant file (when other adjusting methods are used, adding/subtracting will be controlled by the user via a Reversal Code).

Provide for interfacing warrant cancellation entries to the Controller's Warrant Reconciliation System (WRS) which will replace the current Controller's Outstanding Warrant System (COW).

Provide for entering all data required for the issuance when a new warrant is to be issued. This would always include:

Social Security Number

Pay Period End Date (of the period being corrected)

Adjustment Type Code

Reversal Code (positive or negative adjustment)

Labor Code(s).

Depending upon the nature of the adjustment, other data required might be:

Hours

Amount

Deduction Code

Special Earnings Codes and Occurrence Counts.

Provide for calculating all normal deductions and City-matching contributions, as appropriate when the reissued warrant is to correct a gross pay problem.

#### Separate Adjustment With/Without Separate Warrant Issuance

Separate adjustments occur when:

- The original warrant was cashed and thus cannot be cancelled and reissued

- The problem with the original warrant was not significant enough to merit possibly delaying the employee's pay by doing a cancel/reissue
- The adjustment itself is going to be the initial payment, as in a court-ordered retroactive payment, or the refund of a balance remaining after cancelling a voluntary deduction.

Separate adjustments with separate warrant issuance can only be done when making positive adjustments -- one cannot issue a warrant for a negative amount -- and they can be processed with regular payroll transactions or separately.

Separate adjustments without separate warrant issuance can be done for both positive and negative adjustments. However, the effect in terms of a warrant will not be seen until the next regular warrant is produced.

Processing separate adjustments involves the same input requirements stated above in "Warrant Cancellation/Reissuance", plus the following additional requirements:

If the adjustment involves gross salary, provide the ability to also calculate all regular deductions or to calculate taxes and retirement only or to calculate no deductions.

If the adjustment involves refunding a before-tax deduction, provide the ability to calculate taxes only.

If the adjustment will not result in a separate warrant being issued, provide for processing the adjustment together with regular work transactions so that the resulting warrant will reflect both the regular pay and the adjustment.

## City Matching Contribution Correction

City Matching Contribution Correction is really a type of separate adjustment, and can be both positive and negative. It is discussed separately because this type of adjustment is unique from the previous two in the sense that it does not affect the employee's pay. This type of adjustment deals with the expenses incurred by the City as an employer in making contributions to retirement, health and insurance plans for the employee's benefit. There is never any warrant issuance associated with this type of adjustment.

Positive City Matching contribution adjustments are adjustments that return/refund City Matching Contributions to the employing department, not the employee. These adjustments are required to correct excess City Matching Contribution errors.

Negative City Matching Contribution Adjustments are adjustments that make additional City Matching Contributions as an expenditure to the employing department. These adjustments are required to correct conditions of insufficient City Matching Contribution.

Processing City Matching Contribution Adjustments involves the following requirement:

Provide for entering all data required to make the matching contribution correction as follows:

Social Security Number

Document Number

Labor Code

Pay Period End Date

Reversal Code (positive or negative adjustment)

City-Match Code

Amount.

c. DATA REQUIREMENTS

The data elements needed to support the Payroll Adjustment function will be derived from the following sources:

- Input Adjustment Data
- Payroll/Personnel Master File
- Payroll/Personnel Edit Table(s).

Data elements required to perform the Payroll Adjustment function may appear in more than one of the sources listed above, but, to avoid redundancy, each data element will be listed only once.

- Adjustment code (current, retroactive, gross pay, deduction, City-match)
- Number of Hours
- Shift Premium Code
- Hours Type Code
- Social Security Number
- Document Number
- Pay Period End Date
- Status Code (indicates employee is Active, Separated, etc.)
- Labor Code
- Leave Balances by Type (Vacation, Sick Leave, Floating Holiday, etc.)
- Special Earnings Code
- Special Earnings Occurrence Code
- Overtime Code

- Absence Symbol
- Reversal Code (for both positive and negative adjustments)
- Warrant Number
- Warrant Issuance Flag
- Deduction Code (the specific deduction type)
- City-Match Code (the specific City-match type)
- Deduction Take Code (take all, take tax and retirement, take tax, take none)

d. REPORTING REQUIREMENTS

Adjustment Report

All adjustments must be fully documented for audit trail purposes. In addition, depending on the type of adjustment, special adjustment reports should be prepared and sent to the responsible operating department and/or the Central Service Agencies for their review.

Recipient organizations of these special adjustment reports are:

- Controller's Office
- Retirement System
- Health Service System
- Operating departments.

e. CONSTRAINTS

Security procedures must exist to safeguard against the illegal issuance of payroll warrants:

- To Fictitious Employees
- For Fictitious Payroll Adjustments.

Efficient internal control features must exist to minimize fraud, discourage irregularities, and prevent collusion.

f. IMPLEMENTATION PRIORITIES

The new payroll adjustment function will provide for a uniform, timely and efficient procedure for all payroll adjustments. This will significantly simplify and expedite payroll adjustments compared with methods under the current system.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.



B. RETIREMENT PROCESSING

1. INTRODUCTION

The Retirement System is administered by a board of seven members as follows:

President of the Board of Supervisors

Three members elected by the employee members of the system

Three members appointed by the Mayor.

The Retirement Board is supported by a separate department, the Employees' Retirement System, which derives its power, functions and responsibilities from the City Charter and ordinances of the Board of Supervisors.

The Retirement System currently administers the following six active City Retirement plans:

1. Miscellaneous members with an effective membership date prior to 11/2/76 (Charter Section 8.509).
2. Miscellaneous members with an effective membership date after 11/1/76 (Charter Section 8.584). This plan includes police and fire recruits prior to class graduation.

3. Police members with an effective membership date prior to 11/2/76 (Charter Section 8.559).
4. Police members with an effective membership date after 11/1/76 and who have graduated from "academy" training (Charter Section 8.586).
5. Fire members with an effective membership date prior to 11/2/76 (Charter Section 8.585).
6. Fire members with an effective membership date after 11/1/76 and who have graduated from "academy" training (Charter Section 8.588).

In addition, the Retirement System performs accounting and reporting functions for City employees who are members of State retirement plans; i.e., Public Employees Retirement System (PERS) and State Teachers Retirement System (STRS).

All employees who are certified from a Civil Service list for permanent employment or who are appointed to a full-time permanent Civil Service exempt position become members of the Retirement System. If service is continuous, membership is retained even though the employee may subsequently accept appointment to a temporary position.

The responsibilities of the Retirement System include, but are not limited to, the following:

Certifying new members, processing death claims, and processing applications for change of membership status such as age corrections, change of beneficiary, redeposits, prior service applications and withdrawals.

Maintaining accounts for each member, crediting contributions and interest, and closing out accounts when members retire, leave City service, or die.

Determining service credits and providing redeposit and vesting privileges.

Auditing City payrolls and acting as custodian of the payrolls and associated time reporting documents.

Calculating retirement benefits and estimates, and interviewing active and retired members concerning their benefits.

Performing actuarial valuations and experience analysis, and establishing new rates of contribution.

Processing payments to retired members or their beneficiaries.

Investing funds derived from contributions of the members and of the City.

Processing Worker's Compensation payments as a result of job-related illness or injuries.

Processing Deferred Compensation payments received from City employees.

The scope of these requirement specifications is limited to those functions which need to be satisfied by the City's Payroll System. This section of the requirements addresses those payroll functions related to retirement processing while Worker's Compensation and Deferred Compensation requirements are addressed in other sections of this document.

The objectives of the new Payroll System as related to Retirement processing are as follows:

To determine the Covered Gross Earnings that apply to retirement benefits.

To calculate Retirement System member's normal contribution.

To calculate member's reduced contributions.

To calculate the City's Retirement contributions.

To process additional contributions elected by members.

To process plus-pension contributions elected by members.

To accurately account for payroll adjustments as they relate to Retirement.

To calculate Retirement contributions for retroactive payments and to accurately spread the earnings to the appropriate time periods.

To record hours paid and unpaid for all employees to support the calculation of service credits for current members and the possible future determination of buy-back rights for non-members.

To report all retirement related activity performed by the Payroll System.

To automatically transfer all retirement-related data held by the Payroll System to the City's automated Retirement Processing System (RET) or its successor.

To transfer to Retirement all payrolls and associated time reporting documents to support their custodial requirements -- either in original or microfiche form.

## 2. FUNCTIONAL REQUIREMENTS

There are nine basic Retirement functions involved in the processing of employee earnings:

- o Determine Covered Gross Earnings
- o Calculate Member's Normal Contributions
- o Calculate Member's Reduced Contributions
- o Calculate City's Matching Retirement Contributions
- o Process Member's Additional Contributions
- o Process Member's Plus Pension Contributions
- o Process Payroll Adjustments
- o Process Retroactive Payments
- o Perform Service Hours Accounting.

### a. DETERMINATION OF COVERED GROSS EARNINGS

Covered Gross Earnings are defined as employee earnings that are accepted by the Retirement plan for determination of pension benefits. Only Covered Gross Earnings, therefore, are subject to member and City contributions.

The categories of earnings that are considered to be part of Covered Gross Earnings depend upon the City Retirement plan in which the employee has membership. For retirement purposes, employee earnings can be separated into the following two basic categories:

Regular Earnings - All current or retroactive pay for services performed within the normal work schedule. Regular earnings include pay for items such as vacation, sick leave, holiday, military and educational leave, jury duty, shift and other special premiums, supplemental disability and assault pay. Worker's Compensation payments are not included.

Overtime Earnings - All current and retroactive pay for services performed outside of the normal work schedule. Overtime earnings include overtime pay (whether paid at a straight time rate or a premium rate), overtime shift premiums, call back pay, standby pay, and court reporter's transcription pay.

There is a third category of service called Part Time Additional Employment which includes activities such as serving as an election official or an examination proctor. However, such service is not considered for retirement purposes.

Miscellaneous employees with a Retirement membership effective date prior to 11/2/76 (Charter Section 8.509), have both regular and paid overtime earnings included in their Covered Gross Earnings. Miscellaneous employees with a Retirement membership effective date after 11/1/76 (Charter Section 8.584) have only regular earnings included in their Covered Gross Earnings.

Employees that are members of the Police Retirement plans (Charter Sections 8.559 and 8.586) or Fire Retirement plans (Charter Sections 8.585 and 8.588) have only regular earnings included in their Covered Gross Earnings.

Members of the Public Employees Retirement System (PERS) have only regular earnings included in their Covered Gross Earnings.

b. MEMBER'S NORMAL CONTRIBUTION

Both the City and the member contribute to the retirement fund, and each member contributes to the system by salary deduction. The member's normal contribution is based upon a percentage of the member's Covered Gross Earnings. The applicable percentage is established for each Retirement plan as illustrated below:

1. Miscellaneous members with effective membership dates prior to 11/2/76 contribute using a rate based upon the age of the employee at entry into the Retirement System. There are thirty-six rates covering age 20 and under through age 55 and over. These rates, which currently range from a low of 7.64% to a high of 10.19%, are subject to change each fiscal year depending upon actuarial valuation. The current fiscal year rates will be accessed from a table that will be maintained and controlled by the Retirement System. In addition, it would be desirable for the system to maintain multiple fiscal-year rate tables to facilitate fiscal-year cutover and retroactive payments. Current regulations require that the member's retirement contributions for retroactive earnings be based upon the fiscal-year rates in effect during the retroactive time period.
2. Miscellaneous members with effective membership dates after 11/1/76 contribute using a rate set by Charter at 7.50% regardless of the age of the member.
3. Police and Fire members with effective membership dates prior to 11/2/76 now contribute using the maximum rate set by Charter at 7.00%. The Charter allows for using a range of rates up to the 7.00% maximum based upon age at entry. It is therefore possible that some of these members could contribute at rates other than 7.00% in the future.
4. Police and Fire members with effective membership dates after 11/1/76 contribute using a rate set by Charter at 7.50%.

5. Public Employee Retirement System (PERS) members who are safety members contribute using a rate of 9.00% + \$.93 (this includes Sheriff's deputies and former Port policemen), and PERS miscellaneous members who do not belong to the Social Security System contribute at a rate of 7.00% + \$.93. The \$.93 contribution is for Survivor Benefit Coverage which is mandatory for safety members and optional for miscellaneous members.

6. PERS miscellaneous members who belong to the Social Security System contribute as follows:

$$\text{Contribution} = (\text{Covered Gross Earnings} - \$61.00) \times 7.00\%$$

7. PERS Judges Retirement members contribute using a rate of 8.00% with an optional \$2.00 per pay period for the "1959 Survivors Benefit Plan."

c. MEMBER'S REDUCED CONTRIBUTIONS

Miscellaneous employees who are members of the City Retirement System under either Charter Section 8.509 (prior to 11/2/76) or Charter Section 8.584 (after 11/1/76) may elect to reduce their payments to the Retirement System by the OASDI portion of their Social Security contribution. The portion of the Social Security (S.S.) contribution that applies to Medi-Care cannot be applied to the reduction of the retirement payment. Therefore, the formula for calculating the amount of the reduction is as follows:

$$\text{Reduction} = \text{Current S.S. payment} \times \frac{\text{OASDI Rate}}{\text{S.S. Rate}}$$

Since the S.S. rate and the portion attributable to Medi-Care and OASDI may change from year to year, the percentage of the S.S. payment that can be used as a reduction to the Retirement contribution may also change from year to year. For the year 1982, the percentage is 80.597% [5.40 OASDI Rate ÷ 6.70 S.S Rate]. Thus, the employee can reduce his or her Retirement deduction by 80.597% of their S.S. payment.



Once the employee has reached the maximum S.S. deduction for the year, no further retirement reduction applies for the remainder of the year since the employee has no further S.S. payments.

d. CITY'S RETIREMENT CONTRIBUTION

The City's contribution to the Retirement System is based upon a percentage of each member's Covered Gross Earnings. Through an actuarial valuation the applicable percentage is determined each fiscal year for each retirement plan. For fiscal year 1981-82, the City's contribution rates are as follows:

Miscellaneous - Charter Section 8.509	16.99%
Miscellaneous - Charter Section 8.584	16.99%
Police - Charter Section 8.559	88.36%
Police - Charter Section 8.586	88.36%
Fire - Charter Section 8.585	90.48%
Fire - Charter Section 8.588	90.48%
PERS - Safety Member	28.77%
PERS - Miscellaneous Member	15.17%
PERS - Judges Retirement	00.00%

The City's contribution for retroactive payments is calculated using the City rates applicable to the period in question. However, this policy may be changed to use current year rates.

e. ADDITIONAL MEMBER CONTRIBUTIONS

Miscellaneous members of the City Retirement System may elect to contribute an additional amount in order to obtain an additional monthly benefit at retirement. The total of the additional contribution rate added to the normal contribution rate for the member cannot exceed 15.00%. For example, if a member's normal rate is 8.50%, then the maximum additional contribution rate for that member is 6.50%. The additional contribution rate is applied to the member's Covered Gross Earnings and reported as a separate deduction. There is no City matching contribution on additional amounts.

f. PLUS PENSION CONTRIBUTIONS

A plus pension contribution may apply to a member of any of the City Retirement plans. The plus pension contribution is an employee deduction of a fixed dollar amount per pay period to pay back a Retirement contribution shortage created as a result of one or more of the following conditions:

Error in the amount of contribution deducted from an employee's pay. This condition is generally the result of an incorrect rate of contribution for the employee.

Redeposit of withdrawn contributions. Rehired members, who on their resignation or termination withdrew accumulated contributions, may elect to purchase previous service credit by redepositing the withdrawn funds plus additional interest.

Purchase of temporary service. A member of the Retirement System may elect to purchase retirement credits for service time when he or she was not eligible for retirement membership (temporary status).

Repayment of reduced contributions. A member who had previously reduced contributions may elect to pay back the amount of reduction in order to receive full retirement benefits.

The fixed dollar amount contribution will be taken until a limit amount (total amount due) is reached, at which time the plus pension deduction is stopped. There is no City matching contribution associated with plus pension deductions. City match needs in this area are provided for when new City match rates are calculated.

g. PAYROLL ADJUSTMENTS

Adjustments can occur to correct prior period employee earnings usually resulting from incorrect time reporting or incorrect rates of pay. Adjustments also result from cancellation of warrants, manual preparation of warrants, refunds of tax or other deductions, etc.

The rules for determining if the adjustment earnings are included in Covered Gross Earnings are the same as for normal pay. The employee's rate of contribution is that which was in effect for the employee during the period of time covered by the adjustment. For example:

Adjustment is for a pay period when the employee was not a member of the Retirement System - no employee or City contribution required.

Adjustment is for a pay period in a prior fiscal year - employee contribution rate is that which was in effect during the prior fiscal years.

Adjustment is for a pay period in current fiscal year - the current employee rate of contribution is applied.

The City contribution rate is applied to the covered adjustment earnings using the rate appropriate to the period in question. However, this policy may be changed to use the current year rates.

Since Retirement benefits are calculated based upon the last 26 or 78 pay periods, adjusted earnings must be identified and reported for the specific pay periods that are affected.

#### h. RETROACTIVE PAYMENTS

The requirements specified for adjustment processing in Section g, above, is also applicable to retroactive payments. In summary, retroactive pay must be identified and reported by the individual pay periods involved and the employee rate of contribution must be that which was in effect during the time period covered by the retroactive payment. The City rate of contribution is at the rate appropriate to the period in question. However, this policy may be changed to use current year rates.

The following considerations make it desirable for the system to automatically deduct retirement contributions for retroactive payments to deceased, retired, and resigned or terminated members:

Deceased Members - Beneficiaries may have chosen a monthly benefit option where additional earnings may increase current allowances retroactively. If not, the contribution will be refunded by the Retirement System.

Retired Members - Retroactive pay could change the member's benefits if the retroactive payment affects the service period used to calculate the member's Retirement allowance.

Resigned/Terminated Members - If member has vested Retirement funds for future benefits, then additional earnings and contributions will be posted to member's account; if not, the contribution will be refunded by the Retirement System.

i. SERVICE HOURS ACCOUNTING

Retirement benefits are based in part upon the number of years of service. Credit for a year of service is determined by comparing the member's total qualified hours paid (paid hours included in Covered Gross Earnings) to the total number of hours scheduled during the service year for that member's classification (i.e., 80 hours per pay period x 26.1 pay periods per year). If the hours paid are at least 10/12 of the hours scheduled, then that member receives a year of service credit. If it is less than 10/12, the member receives a prorated amount of service credit.

The Payroll System will not make the service credit determination but must identify and report the number of paid hours associated with regular earnings and the number of paid hours associated with overtime earnings. This reporting must be for each employee, whether a member or not, since non-member time credit may be purchased by the employee after becoming a member. The Retirement System will make the actual paid service determination.

In addition, non-paid hours (such as leaves of absence) must be reported since they may affect membership continuation.

### 3. DATA REQUIREMENTS

Data elements necessary for the Payroll System to perform the required Retirement calculations, report Retirement activity, and transfer data to the City's automated Retirement system are:

Social Security Number

Employee Name

Job Classification

Salary Rate

Employee's Regular Work Schedule

Full-Time Regular Work Schedule  
(Full-Time pay period hours appropriate to a  
given class in a given department)

Full-Time Equivalency Percentage

Sex

Employee Status - Active, Inactive, Terminated

Employment Status - Permanent, Temporary, etc.

Department Number

Time Reporting Unit

Pay Frequency - Biweekly, Monthly

Retirement Plan Code - As provided for in appropriate  
Charter Sections

Membership Effective Date

Employee Age at Entry

Retirement Rate of Contribution

Retirement Additional Contribution Rate

Retirement Plus Pension Amount

Retirement Plus Pension Limit  
Reduced Retirement Indicator  
City Contribution Rate  
Pay Type - Current, Adjustment, Retroactive  
Paid Regular Hours - Retirement Definition of "Regular"  
Paid Overtime Hours  
Non-Paid Hours  
Hours Type Code  
Leave of Absence Code  
Pay Period End Date  
Regular Earnings - Retirement Definition of "Regular"  
Overtime Earnings  
Covered Gross Earnings  
Retirement Contribution - Taken, Not Taken - Current  
Period/Year-to-Date  
Reduced Retirement Contribution - Taken, Not Taken -  
Current Period/Year-to-Date  
Additional Retirement Contribution - Taken, Not Taken -  
Current Period/Year-to-Date  
Retirement Plus Pension Contribution - Taken, Not  
Taken - Current Period/Year-to-Date  
City's Matching Contribution - Taken, Not Taken -  
Current Period/Year-to-Date  
Employee Social Security Contribution.

#### 4. REPORTING REQUIREMENTS

The following reports will be prepared for the Retirement System by the new Payroll/Personnel System. They may be provided on hard copy or on microfiche.

##### a. RETIREMENT EARNINGS AND CONTRIBUTION REPORT

This report, produced each payroll cycle, will list all employees paid and their associated Retirement data. The report must display data such as plan code, department number, Social Security Number, employee name, job class, regular earnings, overtime earnings, covered gross earnings, hours worked, Retirement contribution rate and amount, and City matching contribution rate and amount. It should also show the employee's Full-Time Equivalency Percentage computed as:

$$\text{FTE\%} = \text{Employee's Regular Work Schedule} \div \text{Full-Time Regular Work Schedule}$$

The report will be sequenced by employee within department with totals by department.

##### b. RETIREMENT PLAN RECAP

This report is a recap for each Retirement plan showing the total employee contributions by type, City contributions, and Gross Earnings.

The report is prepared each pay cycle and reflects the total Retirement activity for that cycle. The report must show totals by department within each Retirement plan.



c. RETIREMENT DEDUCTIONS NOT TAKEN

This exception report will list any employee that had a Retirement contribution that could not be taken in whole or in part during the payroll cycle. This condition occurs when there is not enough net pay remaining for the employee to apply the Retirement deduction.

This report will be sequenced by employee within department.

d. RETIREMENT EXCEPTION REPORT

The report will display Retirement exception conditions that were encountered by the Payroll System. These items will provide warnings to the Retirement System that personnel actions may be required.

The following are examples of the types of exception items that could be displayed:

- o Police or Fire recruit has become a member of the uniform force and he or she is still recorded in a miscellaneous member's Retirement plan
- o An employee's status has been changed from temporary to permanent and no Retirement plan information has been entered.
- o A Retirement member has been granted an unpaid leave of absence for a particular reason
- o Member's employment status or type of position (miscellaneous, uniform, safety, craft, etc.) does not correlate with member's Retirement plan code
- o Member's limit amount for a plus pension contribution has been reached.

## 5. CONSTRAINTS

Security procedures must exist to insure that only authorized personnel in the Retirement System can input or change Retirement-related data fields, both in employee master records and in edit tables.

The new Payroll System must be designed to interface with either the current Retirement system (RET) or with a new RET system. If the interface is to a new RET System, then the basic requirements of that system must be made available to the Payroll System design team.

## 6. IMPLEMENTATION PRIORITIES

All of the requirements discussed above are fundamental to payroll support of Retirement activity and must be implemented at the same time. A desirable feature not established as fundamental is to process time worked and paid on a daily basis. While time will be recorded on a daily basis on the time reporting media, it will be processed in the Payroll/Personnel System summarized on a pay period basis.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## C. HEALTH SERVICE SYSTEM

### 1. INTRODUCTION

The Health Service System's (HSS) role of providing necessary medical and hospital coverage for its members will have a significant impact on the Payroll/ Personnel System. The accuracy of the HSS deduction and the timeliness with which it is received are critical in meeting the needs of its members.

HSS provides comprehensive medical coverage to all City members by contracting with numerous health care carriers. Health care premiums are pre-paid with the City making contributions for each employee participating (presently \$22.36 biweekly) and with the employee contributing the balance required. Premiums vary depending upon the plan type (currently five plans are available), the type of coverage and the number of dependents.

The new Payroll/Personnel System will be used to:

- Provide for employee notification of HSS eligibility.
- Make the HSS deduction from wages necessary to pay for the premium balance above the City contribution (if any).
- Simplify the input of data to add, delete and change HSS employee data.
- Provide timely and accurate reporting to the employee and the Health Service System.

All City and County employees will be included in the system except the following:

- Unified School District employees who will have their HSS deductions processed by the District's TAPPS System.
- Community College District certificated employees who will have their HSS deductions processed by the HRIS System now under development by SFCCD. (Classified employees will be processed by the central system.)

Requirements for the new central payroll system are being formulated on the assumption that these employees will not be members of the system.

The legislative/policy requirements relating to HSS deductions are found in the CCSF Charter Sections 8.420 through 8.432, and in various Controller issued Departmental Instructions and Payroll/Personnel Procedures.

The new Payroll/Personnel System will provide significant improvements over the current system including:

- Timely employee notification of HSS eligibility
- Tabled deduction amounts based on the HSS plan code
- Accumulation by employee of year-to-date deduction totals
- Tracking non-paid hours for reporting purposes.

Virtually every City organization will be affected by the new Payroll/Personnel System:

- The departmental timekeepers will no longer be burdened with involvement in HSS deductions.
- The Health Service System staff will monitor eligibility, deduction calculation and reporting, as well as receive data and contributions and continually feed Central Payroll with employee additions, adjustments, and deletions.
- The Central Payroll staff will process the deductions and reporting.
- The employee will see complete HSS deduction information on his/her checkstub.

## 2. FUNCTIONAL REQUIREMENTS

To support the coverage of the Health Service System (HSS) the new Payroll/ Personnel System must meet the following requirements:

- a. Provide for advance notification of membership eligibility to the department and to HSS for temporary employees who were not eligible when hired.

Membership eligibility is determined by the following conditions:

- All permanent City employees are immediately eligible for City health service coverage.

- Temporary employees are eligible for City health coverage providing they:
  - Have six months continuous service; and
  - Work more than 20 hours per week.
  - Former City employees who are rehired as temporary employees within six months of their separation date and who meet the 20-hour requirement need not satisfy the six months' service requirement.

Presently, many departments are not monitoring six months' service and notifying the temporary employee to apply for health coverage. As a result many employees wait until they have a health problem, have the department write a note saying the department was "negligent" in not notifying the employee and the employee signs up "as needed" for health coverage.

- b. Provide for a HSS membership code that will be noted on the payroll master file (HSS Member/Exempt/Not Eligible).

It is the responsibility of the HSS to monitor membership. Membership is mandatory unless the employee has:

- Adequate coverage under another health plan (outside coverage)
- Religious beliefs which prohibit participation
- An annual salary greater than \$14,000.

HSS is also responsible for monitoring the City's contribution. City contribution is currently \$22.36 biweekly for each active City employee and varies for retirement subsidies.

It is the responsibility of departments to have eligible temporary employees processed through HSS within two weeks of their eligibility date or wait for the annual enrollment period in May.

- c. Provide for a HSS Plan Code and Coverage Type Code which will identify specifically which health plan and coverage type the employee selects. HSS premium tables will indicate the appropriate premium deduction amount.
- d. Provide for HSS deductions for the following pay frequencies:
  - Biweekly
  - Monthly.
- e. Provide for accumulations by employee of year-to-date deduction totals.
- f. Provide for supporting any of the following arrears policies (the HSS arrears policy will be determined in the system's design phase):
  - If insufficient earnings, put the whole amount of the deduction in arrears.
  - If insufficient earnings, take all of deduction possible and put the untaken remainder in arrears.



- If insufficient earnings, do not take any of the deduction and do not put the deduction in arrears.
  - If insufficient earnings, take all of deduction possible, and do not put the remainder in arrears.
- g. Provide for reporting to HSS any deduction amounts which could not be taken from the employee's pay.
- h. Provide for HSS control over and responsibility for all health service-related data fields and for the input of health service-related payroll adjustments for over-deductions, underdeductions, payment of arrears, and payment by mail or in person.
- This will remove the current burden on departmental timekeepers to manually post all deduction changes and deduction adjustments on the timeroll. For example, an employee on an extended leave of absence without pay must pay directly to HSS his or her portion of the Health Service cost if coverage is to continue. Departmental timekeepers have no independent knowledge of whether or not the employee has made these payments.
- i. Provide for a table held fixed amount deduction based on the HSS Plan Code and Coverage Type.
- j. Provide for the annual updating of tabled Health Service rates effective July 1st.
- k. Provide for interfacing health service costs processed by the payroll system to the Controller's FAMIS System and to the Health Service System.

### 3. DATA REQUIREMENTS

Provide for the following significant data elements required for eligibility, membership, deduction calculation and reporting:

- Department Number
- Social Security Number
- Name
- Civil Service Classification
- Employee Status code (permanent, temporary)
- Start Date
- Pay Frequency (biweekly, monthly, semi-monthly)
- HSS Membership Code (Member/Exempt/Not Eligible)
- HSS Plan Code (Health Plan)
- HSS Coverage code (coverage selected within the plan -- member/member plus spouse/family)
- HSS Deduction Amount (HSS Determined)
- Contribution Type (payment or adjustment)
- Deduction Amount Taken, Current Period
- Deduction Amount Taken -- Calendar Year-To-Date Totals
- Deduction Amount not taken, Current Period
- Total Arrears Amount (if applicable)
- Payment Year
- Pay Period End Date.

#### 4. REPORTING REQUIREMENTS

The reports needed relating to HSS reporting are the following:

- Each Pay Period:

##### Temporary Employee Eligibility Notification

HSS and departments will receive advance notification of temporary employees approaching eligibility for health coverage.

##### Employee Statement of HSS Deductions

The employee's pay stub will report:

- Health Coverage Plan Code, if a deduction is taken (e.g., "HSS-044")
- HSS Deduction Amount
- Year-To-Date (YTD) Health Service Deductions.

##### Payroll Interface to HSS

The data elements passed to HSS for reporting purposes consist of those listed above in Section C.

##### Report of HSS Deductions not Taken

HSS will receive Special Separation Reports and Leave of Absence Without Pay Reports enumerating reasons for no HSS deduction.

## 5. CONSTRAINTS

The formal constraints have been discussed above relative to the applicable Charter sections.

The system must provide an effective means for HSS to have complete control over HSS-related data and HSS-related adjustment procedures. HSS must be able to make all payroll-related changes necessary for their operations and accounting.

In addition, the system must provide for record counts, hash totals, and batch totals as required to insure the integrity of system input and output data, both in the manual data preparation phase and in the system processing phase.

Security procedures must exist to insure that accessing and changing HSS deduction data can be performed only by personnel authorized to do so.

Security procedures must exist to insure that system run controls are limited to central payroll operations personnel who are authorized to perform these functions.

## 6. IMPLEMENTATION-PRIORITIES

All of the requirements discussed above are considered fundamental features of the new Payroll/Personnel System. In addition, other features are considered desirable. These features will be treated as "Expanded Performance Objectives" and will be considered when payroll/personnel software is evaluated. However, they are NOT requirements and no commitment is made to providing them at the time of initial system implementation. The following features are in this category:

- The ability to have HSS eligibility notice accompany the employee's pay check
- On-line entry of deduction data by HSS
- On-line inquiry to deduction data by HSS.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## D. LABOR DISTRIBUTION

### a. INTRODUCTION

Labor Distribution is the mechanism whereby the cost of labor can be identified and allocated to the various cost centers required to track and report financial data for accounting and management information purposes. In the City and County of San Francisco the tracking and reporting functions are performed by two different systems:

FAMIS (Financial Accounting and Management Information System) serves accounting requirements and essential management information requirements

MBO (Management By Objective) serves management information requirements by providing enhanced capabilities relative to levels of service and achievement of objectives -- it receives expenditure data from FAMIS.

Because FAMIS is an integrated accounting/management information system, the distinction between accounting requirements and management information requirements does not really exist in FAMIS. The FAMIS system is capable of performing both financial and management reporting for user departments. However, for discussion purposes, separate treatment will be given to these two areas.

On the accounting side, the primary focus is on the funds themselves to insure that the different kinds of monies are properly identified and to insure that the use of these monies is properly controlled.

On the management information side, the primary focus is on the services being delivered through use of those monies to insure that objectives as to level of service and cost of service are being met.

We can use a library as an example. The accounting purpose is served by capturing costs to insure that the library does not exceed the money budgeted for personnel services, supplies, maintenance, etc. The management information purpose may be served by capturing costs to insure that the cost per patron served is within the target range set for the main library, the branch libraries and the bookmobile. Put oversimply, the cost centers on the accounting side are the accounts, while on the management information side the cost centers are the work programs.

b. FUNCTIONAL REQUIREMENTS

Labor distribution requirements involve the following essential functions:

- Calculating labor costs
- Identifying the type of expenditure
- Identifying the account
- Identifying the work program
- Identifying departmentally defined data
- Supporting pre-established distribution.



## Calculating Labor Costs

Distributing labor costs requires knowing what the costs of labor are. For payroll purposes these costs are identified and will be supported as follows:

1. Provide for calculating gross pay with associated overtime and special earnings. This subject is discussed in detail in the "Payroll - Gross Pay Calculation" section.
2. Provide for calculating the Retirement city-matching contribution. This subject is discussed in detail in the "Retirement" section.
3. Provide for calculating the Social Security employer contribution. This subject is discussed in detail in the Social Security sub-section of the "Payroll - Taxes and Deductions" section.
4. Provide for calculating the Health Service City-matching contribution. This subject is discussed in detail in the "Health Service" section.
5. Provide for calculating State Unemployment Insurance payment. This is a fully City-paid benefit and involves two categories of cost. The insurance cost is computed by applying an annually determined rate to the employee's gross pay. The insurance administration fee is an annual \$2.00 per employee charge.

Every employee is covered by SUI except judges, members of boards and commissions, elected officials and part-time intermittent temporary employees. A report of SUI deductions must be prepared each pay period for Gates McDonald Co. which monitors State administration of SUI for the City.

## Identifying the Type of Expenditure

1. Provide the ability to uniquely identify all categories of cost associated with a labor transaction by using a series of sub-object codes. Some sub-objects will be input with the time reporting data and others will be generated in the Payroll/FAMIS interface.

The sub-object is the lowest level of a three-level structure used to classify all expenditures (and revenues):

Character - is a two-digit code which identifies the general nature of the expenditure

Object - is a three-digit code which identifies the general type of expenditure

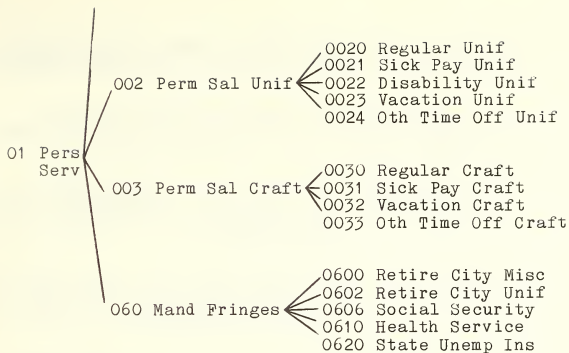
Sub-Object - is a four-digit code which identifies a specific type of expenditure.

For example:

Character	01	Personel Services
Object	003	Permanent Craft Salaries
Sub-Object	0030	Regular Craft Salaries.

Following is a part of the Character/Object/Sub-Object code structure which relates to labor to illustrate the relationship between the levels.

<u>Character</u>	<u>Object</u>	<u>Sub-Object</u>
	001 Perm Sal Misc	0010 Regular Misc
		0011 Sick Pay Misc
		0012 Vacation Misc
		0013 Oth Time Off Misc



### Identifying the Account

1. Provide for using a six-digit Index Code to identify unique combinations of Fund Group, Fund and Organizational attributes used in account identification.
2. Provide for using a five-digit Project/Work-Phase Code to further identify project type accounts.

The Index Code contains five significant digits plus a check digit. It is used to infer an expanded data classification structure which contains part of the coding needed to identify accounts.

The top two elements of the account code structure are always part of an account's identification:

Fund Group - is a two-digit code which identifies a logical grouping of Funds which are used for a similar purpose

Fund - is a three-digit code which identifies a category of monies intended for some specific purpose.

Below the Fund level, the account code structure allows two alternative ways of identifying accounts:

The NORMAL method uses organization codes to further specify the account, and there are three levels:

Department - is a two-digit code which identifies the highest level of city & county organization

Division - is a two-digit code which identifies the next lowest level of organization within a department

Section - is a two-digit code which identifies a unit within the division.

The PROJECT method of account identification uses project codes to further specify the account, and there are two levels:

Project - is a three-digit code which identifies a specific category of cost within the Fund. Typically this might involve separately accounting for multiple projects of the same type.

Work-Phase - is a two-digit code which identifies a sub-category of cost within a project that must be separately identified and accounted for.

Comparatively these two account code structures look as follows:

<u>Normal</u>	<u>Project</u>
Fund Group	Fund Group
Fund	Fund
Department	Project
Division	Work-Phase
Section	

Combinations of the two structures are also possible but are not in use at this time.

A sample may help to illustrate the two account structures:

<u>Normal</u>	<u>Project</u>
31 Muni Railway Fund Gr	06 Capital Proj Fund Gr
001 Operations Fund	502 St Ltg Imp(1972 Bonds)
35 Muni Railway Dept	075 So of Market Area Ltg
02 Equip Maint Div	20 Design Engineering
02 Elec Veh Maint Sec	

#### Identifying the Work Program

1. Provide for using a six-digit Index Code to uniquely identify each work program. The index code was also described above under "Identifying the Account." The expanded data classification structure inferred by the index code also includes the program codes.

The work program to which an expenditure is applicable is identified by a program code structure containing four levels:

Major Service Area/Community Goal - is a two-digit code which identifies a broad category of service provided by The City

Program - is a two-digit code which identifies a specific plan of action for the delivery of services within an MSA/CG

Activity - is a two-digit code which identifies a broad functional category of work to be performed within a program

Sub-Activity - is a two-digit code which identifies a particular type of work to be performed within an activity.

For example:

23 Pub Wks, Trans & Commerce/Transportation  
13 Electrical Vehicle Maintenance  
01 Trolley Coach Maintenance  
01 Motor Maintenance.

### Identifying Departmentally-Defined Data

1. Provide for using two two-digit codes to identify department-defined data.

Plans are well underway to allow departments to pass costs to FAMIS with certain department-defined data attached such as location or task codes. This department-defined data would then form part of the FAMIS account identification. For example, a department may wish to further identify its accounts by using Task and Sub-Task codes:

05 Mechanical Design  
01 Flow Control.

FAMIS is the city's primary system for tracking budgets and costs for both accounting and management information purposes. As stated above, the distinction between accounting information and management information was made for discussion purposes. FAMIS makes no such distinction. It uses all of the codes discussed above to identify every account for all purposes.

The full FAMIS account code structure is thus as follows:

NORMAL Accounts

Fund Group  
Fund  
Department  
Division  
Section  
Character  
Object  
Sub-Object  
MSA/CG  
Program  
Activity  
Sub-Activity  
Department Data

PROJECT Accounts

Fund Group  
Fund  
Project  
Work-Phase  
Character  
Object  
Sub-Object  
Department  
Division  
Section  
MSA/CG  
Program  
Activity  
Sub-Activity  
Department Data

The exact sequence of the elements is really not important in that they do not form a structure in the way that term has been used above. What is important is that every unique combination of the elements is a unique FAMIS account.

## Supporting Pre-Established Distribution

As described in "Payroll - Time Reporting," the essential labor distribution coding comes into the payroll/personnel system via a labor code. The labor code is a 15-character code with three components:

Index Code	- 6 characters
Sub-Object	- 4 characters
Project/Work-Phase	- 5 characters.

There is a strong likelihood that this will be expanded to 19 characters with four components:

Index Code	- 6 characters
Sub-Object	- 4 characters
Project/Work-Phase	- 5 characters
Department Data	- 4 characters.

To facilitate the reporting of employee time to specific labor codes the payroll/personnel system will:

1. Provide for holding up to ten labor codes per employee with an associated hour or percentage figure designating how much of the employee's time should be charged to the labor code.
2. Provide for adding, changing and deleting employee labor code assignments on a pay period basis.
3. Provide for distributing all of an employee's time and costs based upon the labor codes pre-established for the employee, and for distributing the net amount of time and costs remaining after the input of an exception transaction.



c. DATA REQUIREMENTS

Data elements required to support essential labor distribution functions are:

- Labor Code
- Number of Hours
- Gross Pay
- Retirement City Contribution Amount
- Health Service City Contribution Amount
- Social Security City Contribution Amount
- State Unemployment Insurance Amount
- State Unemployment Insurance Administration Amount
- Retirement City Contribution Rate
- Health Service City Contribution Rate
- Social Security City Contribution Rate
- State Unemployment Insurance Rate
- State Unemployment Insurance Administration Rate
- Current Pay Period Labor Code Cost - Gross Pay
  - Retirement
  - Health Service
  - Social Security
  - State Unemp Ins
- Current Pay Period Labor Code Hours.

d. REPORTING REQUIREMENTS

Department Labor Distribution Report

This report will present by labor code within department all employees charged to the labor code by pay period giving both hours and dollar costs. This will provide the departments with employee-level detail to supplement the summarized costs which they will get from their FAMIS and MBO reports.

e. CONSTRAINTS

The volatility of employee assignment during the pay period is a critical issue in terms of payroll/personnel system support of labor distribution. If an employee's work is such that his or her time could be spread across many labor codes in no predictable way, then the employee will have to report a large number of exceptions to his or her normal labor code assignments or report all hours because there are no normal assignments.

The more fragmented an employee's time becomes, the more records are required to report that time. Every record costs time and money to create and to process, and every record is an error opportunity. The concern in this area is that record volumes and error volumes be controlled so that the primary payroll mission -- paying people -- is not jeopardized.

To this end, payroll support of the labor distribution function must be limited. Support will be provided for those departments which can limit their volume of exception reporting or full reporting to no more than three records per employee.

Two examples, one from each extreme will illustrate the impact of this limitation.

At one extreme assume that a department's employees all do work so varied that it is impossible to make any normal labor code assignments. Thus, every employee must fully report all hours. This department could distribute its labor costs using the payroll system if the average employee's time could be reported using three labor codes. If the department had 100 employees, it would be limited to inputting approximately 300 records to the payroll system.

At the other extreme assume that a department's employees all do work that is fairly routine and for which normal labor code assignments can be made -- say five assignments per employee. This department could report three exceptions for each employee with the system assigning the balance of each employee's time to the normal labor codes. If this department had 100 employees, it too would be limited to approximately 300 payroll input records. However, in this example an employee inputting three exception records to the payroll system could have his or her time and costs distributed across as many as eight labor codes.

Departments which require more sophisticated labor distribution support will be required to establish a payroll clearing fund in FAMIS and charge their payroll costs to that fund. Then, in a separate operation, they would have to distribute their labor costs to their operating accounts using whatever mechanism was agreed upon with the Controller's FAMIS team, and recover those monies to the clearing fund. They would also have to reconcile the clearing fund.

This approach should be avoided whenever possible because it involves substantial duplication of effort, in that the department must summarize its labor data in one way for payroll and in another way for labor distribution.

There are project-oriented departments, such as DPW, whose project labor costing methodology is fundamentally different from the way in which payroll costs labor. These departments already use the payroll clearing fund approach and will have to continue doing so.

f. IMPLEMENTATION PRIORITIES

All of the requirements discussed above are considered fundamental features of the new Payroll/Personnel System. In addition, other features are considered desirable and will be treated as "Expanded Performance Objectives." They will be considered when payroll/personnel software is evaluated but no commitment is made to providing them at initial system implementation. The following features are in this category:

- Online inquiry to labor distribution data by departments
- Computation of additional categories of labor cost such as paid absence expense accruals and overhead items
- Capability to accept as input to the payroll system time and/or cost data generated by automated departmental labor distribution systems.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## E. PERSONNEL

### 1. PERSONNEL ACTIONS

#### a. INTRODUCTION

Under Charter Section 3.661, the Civil Service Commission is the employment and personnel department of the City and County of San Francisco. One of its primary duties is to provide qualified persons for appointment to City service. Once the Commission hires new employees, or authorizes departments to hire consistent with the Commission's policies and procedures, certain employee information must be reported to the Payroll/Personnel System. Such information becomes the basis for establishing a comprehensive Employee Data Base in which the data maintained is relevant, valid and accurate. Information in the Employee Master File will not only enable employees to be paid accurately and on a timely basis but will provide current and comprehensive personnel management information.

#### b. FUNCTIONAL REQUIREMENTS

The personnel activities which must be processed through the Payroll/Personnel System are as follows:

New Hires

Changes in Employment Status

Salary - Step Increases

Compensation Adjustments due to Special Actions

Leaves of Absence with or without Pay

Separations

Actions of the Civil Service Commission on hearing Separations that result in

Returning separated employee to duty, or

Defining conditions for future employment of separated employee.

### New Hires

A new hire or appointment made by the Civil Service Personnel Department or an operating department in accordance with Charter provisions and Civil Service Commission Rules indicates the beginning of employment of an individual with the City and County of San Francisco. Concurrently with this personnel action, the System must process a primary document creating an employee record and adding essential information in the employee file. Information included in the primary document serves the function of authorizing pay to the employee and becomes a source for securing basic employee information.

### Changes in Employment Status

Changes affecting employees must be reported to the System on a primary document in order to up-date the information on the employee file. All information included on the employee file prior to update must be retained by the System to become part of the employee's history record. The following are changes which affect data on the employee file:

Changing from one classification to another with a salary adjustment

Changing from one operating department to another

Changing an employee's appointment type, i.e., Non-Civil Service to Limited Tenure.

### Salary-Step Increases

Salary-step increases are defined as increases in employee's earnings. Salary-step increases involve only a change in salary without a change in the employee's classification. Consequently, the Payroll/Personnel System must generate a report of all employees due a salary-step increase at least sixty days prior to the effective dates of such increases. The report must include the new rate of pay due employees. The report will be submitted to operating departments for review and to the Civil Service Personnel Department for approval. Once the report has been approved, the System must be instructed to begin paying an employee at the new rate on the effective date.

The System must update salaries for all employees when new salaries, salary schedules and ranges are adopted by the Board of Supervisors for miscellaneous employees, uniformed members of the Police and Fire Departments, platform employees and for employees in classifications whose salaries are set by State law.

The System must report salaries included in the Salary Table prior to any mass salary update and report salaries in the Salary Table following mass salary updates.

The Payroll/Personnel System must report accumulated paid service for permanent employees who are to receive salary adjustments through the steps of the compensation schedule plan in accordance with the provisions of Section IX, F of the Salary Standardization Ordinance. Paid service for this purpose excludes any type of overtime and includes military or educational leave without pay. Further, the System must distinguish classifications in which permanent employees receive salary increments at intervals of six months or one year.



The System must calculate total schedule hours equivalent to one year or six months from employee's beginning date of permanent employment in classification.

#### Compensation Adjustments due to Special Actions

The Payroll/Personnel System must process and identify compensation adjustments for employees whose salary is being changed from the salary first reported to the System. These adjustments are a result of an action taken by the Civil Service Commission or a court order. The document reporting these actions must identify the employee, classification, new rate of pay, reason for adjustment, effective dates and indicate whether adjustment is a onetime occurrence or becomes the employee's new rate of pay for future pay cycles.

#### Leaves of Absence With or Without Pay

There is a wide range and variety of situations that reflect authorized or directed absence from the job by individual employees. Charter and Civil Service Commission Rules govern employee entitlements, define the necessary approvals and establish the criteria for payment authorizations. There is a need to record leave actions for planning, compensation purposes and control.

All leaves of absence with pay must be reported to the System under procedures defined for time reporting.

All short term leaves of absence without pay must be reported to the System as a non-pay types under procedures defined for time reporting.

Short-term leaves of absence are defined as covering one or two pay cycles and long-term leaves are defined as exceeding two pay cycles.

Long term leaves of absence without pay must be entered into the System from appropriate authorization forms. The system must place such employees on an inactive status for a specified duration. For employees on inactive status, the System must not accept time reports or issue pay. The duration of the employee's inactive status affects future earnings and benefits. To reactivate the employee, the System must receive positive notification and the effective date.

The following are examples of leaves of absence which will place employees in an inactive status:

Sick Leave without Pay

Military Leave without Pay

Educational Leave without Pay

Childcare Leave without Pay

Involuntary Leave

Personal Leave.

### Separations

Separations are defined as an action which officialy severs all employment activities with the City and County of San Francisco. This action stops the issuance of regular payment to an employee on an effective date and causes the System to calculate any pay to which the employee may be entitled.

The Civil Service Personnel Department must approve all payments to be made to separated employees including in lieu vacation and vested sick leave payments.

Operating departments must report all separations which they initiate to the Payroll/Personnel System. The document reporting this action must identify the employee name, classification, type of separation, department and effective date.

The following, separations when reported to the Payroll/Personnel System, stop pay to employees on an effective date:

Resignations - Services satisfactory or  
unsatisfactory

Automatic Resignations - Abandonment of position

Dismissal of Permanent Employee

Lay-offs

Retirements

Deaths

Terminations - Identified by employment status of  
employee at time of termination.

#### Actions of the Civil Service Commission on Separation Hearings

Certain separations require a hearing before the Civil Service Commission. All actions taken by the Commission must be reported to the System and entered to the employee's file. Such information becomes part of the employee's history record.

Actions of the Civil Service Commission which reinstate separated employees to current positions must be reported to the System in order to change the employee's status from inactive to active. The System must receive proper notification including name, classification, rate of pay, department and effective date that the separated employee is being reinstated to position.

Actions of the Civil Service Commission which reinstate the separated employees to the last position must be reported to the System in order to update the information in the employee file. The Civil Service Personnel Department or the operating department in which last position is located must complete and submit a document informing the system of changes to be made to the employee file including classification, rate or pay and effective date.

Actions of the Civil Service Commission awarding back pay to separated employees for the period between employee's separation date and reinstatement date must be reported separately to the System.

c. DATA REQUIREMENTS

The data elements necessary to the Employee File are as follows:

Full name of employee \*\*  
Address  
City, State - Zip Code  
Birthdate

Ethnic Identity  
Sex  
Social Security Number \*\*

Classification \*\*  
Rate of pay - salary-step \*\*

Department/Division/Section  
Position Control Number  
Requisition Number \*\*  
Oral Authorization Number \*\*  
Employee Work Phone Number

Employment Status \*\*

Permanent - rank and list number  
Entrance Probationary  
Promotive Probationary  
Permanent Exempt  
Temporary - rank and list number  
Temporary Exempt  
Limited Tenure  
Non Civil Service

Critical Dates

Validation of Appointment \*\*  
Effective Date of Appointment \*\*  
Anniversary Dates - Vacation/Sick Pay \*\*  
Date of Medical Examination  
Date of Fingerprinting

Prior City Service

Classification  
Date of Employment

Emergency Contacts

Name  
Address  
City - State - Zip Code  
Phone Number  
Relationship

\*\* These data elements must be reported to the Payroll/Personnel System on or before beginning employment to effect pay.

d. REPORTING REQUIREMENTS

The reports needed relating to personnel are the following:

Error Reports

Rejected personnel transactions - those reporting invalid information - would be presented in an appropriate format. This report would be used by the central personnel staff to review the applicable personnel documents, contact departmental personnel and conduct whatever other review is necessary to correct errors.

Mass Change Reports

Details the effects of across-the-board personnel actions such as pay rate changes or reclassifications. This report would be used by the central personnel staff and departmental personnel to review information for accuracy.

Statistical Reports

Details personnel actions - new hires, changes in employment status, separations in an appropriate format for a designated time period by organization. This report would be used for analysis, control and reporting to outside agencies.

e. CONSTRAINTS

The sensitive and critical personnel information reported to the Payroll/Personnel System for all employees will require defining, establishing and maintaining comprehensive controls to assure the following:

Security to insure that employee input data entry is done by authorized personnel only.

Security to insure that changes or corrections to information included in the Employee Master File is done by authorized personnel only.

Security to insure appropriate preservation of privacy.

Security to insure limited access to employee data on a need-to-know basis.

f. IMPLEMENTATION PRIORITIES

The requirements outlined above are considered essential to implementing the new Payroll/Personnel System.

## 2. PERSONNEL AUDITS

### a. INTRODUCTION

The personnel audit function is necessary to demonstrate compliance with the provisions of Charter Section 8.400(f) which mandates Civil Service to verify that all persons whose names appear on payrolls have been legally appointed and are employed in positions legally established by the Charter.

Civil Service presently audits, on average, 1000 individual timerolls of varying lengths and formats every pay period to ensure that employees meet these criteria, that they are eligible for the rate of pay which they are receiving, and that they are eligible for overtime pay, vacation pay and sick pay which are being reported. The concept under the new Payroll/Personnel System is to give Civil Service full control over those changes to the Employee Master File which determines the legality of appointment, the availability of positions and the rate of pay. The System will maintain vacation and sick leave balances automatically, will validate pay transactions and will report exceptions to Civil Service. Civil Service will then need only to review and act on those exceptions.

The personnel audit function will apply to employee data for all employees of the City and County of San Francisco included in the Payroll/Personnel System except the following:

Employees of the San Francisco Unified School District will be included in the TAPPS system.



The personnel audit function is necessary to maintain a wide variety of information contained in the Classification Table and Position Control File. The validity and reliability of such information substantially governs the effectiveness of operations of the Payroll/Personnel System.

b. FUNCTIONAL REQUIREMENTS

Procedures must be established to insure that the employee data to be entered into the Employee Master File to effect pay is valid, correct and complete.

A method must be developed to secure employee data to be entered into the Employee Master File. Procedures must be established to review these data elements for accuracy.

Procedures must be established to insure that the employee data element to be entered into the Employee Master File have been collected in total and that no data elements are missing.

A method will be required to determine that the data entered into the Employee Master File has been processed correctly and accurately. Rejected transactions must be reported, corrected and re-entered to the File.

The personnel audit function must verify the accuracy of the following transactions:

- (a) salary changes
- (b) mass salary changes
- (c) compensation adjustments
- (d) in lieu payments - vacation/sick pay
- (e) salary increments
- (f) vacation/sick pay balance adjustments
- (g) leaves of absences.

Procedures must be established to insure that the data to be entered into the Classification Table and Position Control File is accurate and complete.

Procedures must be established to insure that departments are notified in advance to take appropriate action when temporary employees are approaching the end of their period of certification.

c. DATA REQUIREMENTS

The data elements of the Employee Master File are enumerated in the section discussing Personnel Actions.

The data elements of the Classification Table are enumerated in the section discussing Classification.

The data elements of the Position Control File are enumerated in the section discussing Position Control.

d. REPORTING REQUIREMENTS

The reports needed related to personnel audits are the following:

Error Reports

Rejected transactions in entering required data must be presented in an appropriate format. This report would be used by central personnel staff to review applicable documents, contact departmental personnel staff and conduct whatever check is necessary to correct errors.

## Update Reports

Details the additions, changes or deletions processed against the Employee Master File, Classification Table and the Position Control File.

### e. CONSTRAINTS

The conduct of personnel audits is governed by Civil Service Charter Sections, Civil Service Commission Rules and policies, Vacation Ordinance and the Administrative Provisions of the Salary Standardization and Annual Salary Ordinances.

Decisions of the Civil Service Commission affecting individuals or groups of employees, legal opinions, and court orders may cause adjustments or additions to data contained in the above mentioned files.

Security procedures must exist to insure that data entry is performed only by authorized personnel.

Security procedures must exist to insure that access to data for correction purposes is limited to central personnel authorized to perform such maintenance.

Security procedures must include the capability for identifying the name of the person entering or correcting data and the date and time data is entered or corrected.

f. IMPLEMENTATION PRIORITIES

The personnel audit requirements discussed are considered essential to implementing the Payroll/Personnel System. In order to insure their proper application, extensive effort must be devoted to the preparation of user department procedures during the implementation phase. Such procedures must be developed in parallel with the automated aspects of the System to provide coordination of both manual and automated processing. In addition, training programs must be designed so that personnel in the central processing unit and in operating departments are provided intensive training in the new system and its procedures.

### 3. CLASSIFICATION

#### a. INTRODUCTION

Under Charter Section 3.661, the Civil Service Commission is mandated to classify all places of employment in the departments and offices of the City and County not specifically exempted by Charter. Further, the Civil Service Commission is mandated to classify all positions or all places of employment in the City and County specifically exempted from Civil Service Charter provisions. Charter exempted positions are made subject to classification for salary standardization purposes in accordance with Charter Section 8.401.

The Charter empowers the Civil Service Commission to allocate or reallocate positions to various classifications. Classification numbers and titles assigned to positions by the Commission are required to be used in all records, reports, statements and communications, including the compensation schedule, annual budget and salary ordinance, payrolls and appropriation ordinances.

Classifications are grouped into five categories for determining rates of pay. The five categories and the applicable Charter sections which govern the method for determining their pay rates are as follows:

Miscellaneous Classifications - Charter  
Sections 8.400, 8.401 and 8.407

Municipal Railway Platform Classifications  
Charter Section 8.404

Police and Fire Classifications - Charter  
Section 8.405

Members of Boards or Commissions - Various  
Charter Sections

Municipal and Superior Court Classifications  
Salaries set by State Law.

Classifications and the rates of pay established for classifications are essential to paying employees. For this reason, the Payroll/Personnel System must include a Classification Table and a Salary Table against which specific information will be processed in order to pay employees. The validity and reliability of information included in these tables will determine the accuracy of pay and will substantially govern the effectiveness of operations of the Payroll/Personnel System.

b. FUNCTIONAL REQUIREMENTS

Each classification adopted by the Civil Service Commission and included in the Salary Standardization Ordinance must be identified.

Each classification adopted for the uniformed ranks of the Police and Fire Departments must be identified.

Each classification adopted for platform employees of the Municipal Railway must be identified.

Each classification established to distinguish members of boards and commissions must be identified.

Each classification established for the Municipal and Superior Courts which are enumerated in the Annual Salary Ordinance must be identified.

Classifications must be identified by number and title.

Classifications in which employees are precluded from receiving overtime pay must be identified.

Classifications assigned to the Senior Management Service must be identified.

Salary Schedule Numbers assigned to classifications included in the Salary Standardization Ordinance must be identified.

Salary Schedule Numbers included in the Salary Standardization Ordinance assigned a five step salary range and a nine step salary range must be distinguished.

Classifications in the Salary Standardization Ordinance where entrance rate of pay is higher than first step must be distinguished.

Classifications for which hourly rates are established must be identified.

Classifications assigned a flat biweekly rate must be identified.

Classifications assigned a monthly rate of pay and classifications assigned a semi-monthly rate of pay must be distinguished.

Classifications which have a three-step and a four-step salary range must be distinguished.

The following dates must be secured for all classifications:

Date classification and salary  
established

Effective date of new salaries for  
existing classifications

Date classification and salary  
abolished.

c. DATA REQUIREMENTS

The data elements necessary to the Classification and Salary  
Tables are as follows:

Classification Number

Classification Title

Overtime Pay Prevention Indicator

Entrance Pay Identifier

Salary

Salary Schedule Numbers  
Three-step salary ranges  
Four-step salary ranges  
Five-step salary ranges  
Nine-step salary ranges  
Flat biweekly rate  
Hourly rate  
Monthly  
Semi-monthly

Critical Dates.



d. REPORTING REQUIREMENTS

The reports related to the Classification and Salary Tables are the following:

Error Reports

Rejected transactions in entering required data into these files must be reported in an appropriate format. This report would be used by central personnel staff to review applicable documents, contact departmental personnel staff and conduct whatever check is necessary to correct errors.

Update Reports

Details the additions, changes or deletions processed against these files.

Ad hoc Reports

Special reports requested by user on an as needed basis using select data elements contained in the files.

e. CONSTRAINTS

Information contained in the Classification and Salary Tables is governed by the Salary Standardization and Annual Salary Ordinances, ordinances affecting uniformed ranks of the Police and Fire Departments and platform employees, State law and Charter provisions governing methods of determining pay.

Legal opinions and court orders may cause adjustments or additions to data contained in these files.

Security measures must exist to insure that data entry is performed only by authorized personnel.

Security procedures must exist to insure that access to data for correction purposes is limited to central personnel authorized to perform such maintenance.

f. IMPLEMENTATION PRIORITIES

The requirements for Classification as discussed above are essential to implementing the Payroll/Personnel System.

#### 4. POSITION CONTROL

##### a. INTRODUCTION

In accordance with Charter provisions, departments of the City and County of San Francisco submit budget estimates every year. Included in the budget estimates are existing positions for which departments are requesting continuance and requests for new positions. The final budget adopted by the Board of Supervisors includes continued and new positions for all departments of the City and County of San Francisco.

The number of positions and the rates of compensation for all positions continued or created by the supervisors are established and enumerated in the Annual Salary Ordinance. This ordinance constitutes the legal basis for confirmation by the Civil Service Commission or the Controller as to the legality of any position in the city and county service and the rate of compensation fixed for that position.

Charter Section 6.207 states in part that "such ordinance shall be subdivided for each department or office and each organization subdivision thereof. The number of positions enumerated therein shall be segregated by classes. Rates of compensation enumerated shall be those established by the Salary Standardization schedules." During a fiscal year the Annual Salary Ordinance may be amended to add new positions or delete existing positions.

New positions must be classified by the Civil Service Commission and formal amendment must be made to the Annual Salary Ordinance to reflect such classification before a new position can be filled. There are instances when departments are authorized to fill new positions in the classifications identified in the budget and at the budgeted rate of pay before Civil Service completes its classification function.

The Annual Salary Ordinance enumerates all permanent positions allocated to departments. Recently, temporary positions itemized and approved in the budget have been enumerated in the ordinance for some departments. However, the majority of temporary positions are created and established in the requisitioning process.

To fill enumerated positions, departments are required to submit requisitions. To establish temporary positions not enumerated in the Annual Salary Ordinance, departments issue temporary requisitions. Approval of such requisitions establishes a temporary position in an approved classification, at a rate of pay and for a specified duration. The same requisition initiates hiring to fill the temporary position.

Since positions are primary to hiring, promotions or transfers and to maintaining a City and County work force, a method of keeping an inventory of all positions is necessary. This is the overall objective of Position Control in the Payroll/Personnel System.

b. FUNCTIONAL REQUIREMENTS

Each position authorized in the budget and enumerated in the Annual Salary Ordinance must be uniquely identified and assigned a position control number.

Allocated positions must be identified by classification, department, division or section.

Funding source for all positions must be indicated.

Position Control must distinguish permanent positions and temporary positions.

Positions not classified by Civil Service must be identified to prevent unauthorized employments.

Positions filled by Civil Service must be distinguished from exempt positions to which incumbents are elected or appointed.

Full time and part time positions must be identified.

Position Control must provide for the multiple occupancy of positions when authorized.

Positions designated as bilingual by the Civil Service Commission must be identified.

The following dates must be secured for all authorized permanent positions:

Date established

Date audited

Date classified

Date reclassified

Date abolished.

The following must be secured for all temporary positions:

Date position established

Date position terminates.

Requisition Numbers must be recorded for all requisitions issued to fill vacant or new positions.

Position Control must be capable of preserving the identity of a vacant position (parent position) when funds for that position are used to underwrite a new position in another classification. Data elements related to the new position must be secured and the parent position must be flagged to prevent it from being filled. A cross reference must be made of the two positions.

Permanent positions must be flagged when permanent incumbents temporarily vacate positions (long-term leaves of absence) to prevent unauthorized filling of positions.

Position Control must be capable of tracking temporary requisitions which Civil Service declares permanent. These employees must be identified because they have the rights and benefits of permanent employees.

Positions assigned to the Senior Management Service must be identified.

All positions must be identified as vacant or filled.

c. DATA REQUIREMENTS

The data elements necessary to Position Control are as follows:

Department  
Division  
Section  
Position Number

Funding Source Identifier  
Amount Budgeted for Position

Classification Number  
Classification Title  
Salary Schedule - Range

Incumbent's Social Security Number

Permanent or Temporary Identifier  
Full-time or Part-Time Identifier  
Exempt Indicator Requisition Number

Unclassified Identifier  
Multiple Incumbent Identifier  
Bilingual Identifier  
Senior Management Service Identifier

Critical Dates for Permanent Positions\*  
Critical Dates for Temporary Positions\*

Filled Indicator  
Vacant Indicator.

\* See Functional Requirements

d. REPORTING REQUIREMENTS

The reports needed related to Position Control are the following:

Error Reports

Rejected transactions in entering required data into the Position Control File must be reported in an appropriate format. This report would be used by central personnel staff to review applicable documents, contact departmental personnel staff and conduct whatever check is necessary to correct errors.

Update Reports

Details the additions, changes or deletions processed against the Position Control File.

### Open Requisition Reports

Lists open requisitions for permanent and temporary positions by classification and organization that have not been filled.

### Ad hoc Reports

Special reports requested by user on an as needed basis using select data elements contained in the Position Control File.

#### e. CONSTRAINTS

Information contained in the Position Control File is governed by Civil Service Charter Sections, Civil Service Commission Rules and policies, annual budget of the Board of Supervisors and the administrative provisions of the Annual Salary and Salary Standardization Ordinances.

Decisions of the Civil Service Commission affecting positions, legal opinions and court orders may cause adjustments or additions to data contained in the Position File.

Security procedures must exist to insure that data entry is performed only by authorized personnel.

Security procedures must exist to insure that access to data for correction purposes is limited to central personnel authorized to perform such maintenance.

#### f. IMPLEMENTATION PRIORITIES

The requirements for Position Control as outlined above are essential to implementing the Payroll/Personnel System.



## 5. EQUAL EMPLOYMENT OPPORTUNITY REPORTING

### a. INTRODUCTION

The Equal Employment Opportunity Unit (EEO) of the Civil Service Commission is responsible for meeting federal, state and local regulations that require the City of San Francisco to adopt an annual city-wide Affirmative Action Plan. Under the 1979 Compliance Agreement between the Office of Revenue Sharing and the City of San Francisco, the EEO Unit is responsible for: providing technical assistance to departments in adopting annual Departmental Affirmative Action Plans; giving Oral Authorizations for Non-Civil Service appointments; complying with and reporting on bilingual requirements stipulated in the ORS Compliance Agreement. The EEO Unit performs specialized recruitment. This unit also collects and analyzes workforce data. The functions for which the EEO Unit is responsible include conducting an annual survey of all Civil Service employees for composing the required EEO-4 report, conducting bilingual assessment and testing and certifying individuals' proficiency in a second language.

### b. FUNCTIONAL REQUIREMENTS

1. Provide for EEOC Function Code identifying established EEOC Functional Categories.

For EEO-4 reporting requirements, EEO-4 data is reported for all departments and agencies by separate functions. Function is defined here as the specific categorized EEO-4 form description that best describes the activity of the department or agency. Where department activities cover more than one of the form's specified functions, the activities "should be separated and reported under separate functions, where it is feasible.

There are 15 functional categories that are reported separately to EEOC. All positions (not classifications) that fall within a functional category (officially referred to as "Function" on the EEO-4 Report Form) are assigned to the appropriate functional category.

The 15 functional categories are

- (a) Financial Administration/General Control
- (b) Streets and Highways
- (c) Public Welfare
- (d) Police Protection
- (e) Fire Protection
- (f) Natural Resources/Parks & Recreation
- (g) Hospitals and Sanatoriums
- (h) Health
- (i) Housing
- (j) Community Development
- (k) Corrections
- (l) Utilities and Transportation
- (m) Sanitation and Sewage
- (n) Employment Security
- (o) Other.

Elected and certain appointed officials are exempted from the EEO-4 report.

2. Provide for EEOC Occupational Category Code identifying established EEOC Occupational Categories.

For EEO-4 reporting requirements, every classification included in the Classification Plan developed and maintained by the Civil Service Personnel Department must be allocated to an occupational category. The total number of employees must be computed in each category. The eight Occupational Categories are

- (a) Officials and Administration
- (b) Professionals
- (c) Technicians
- (d) Protective Service
- (e) Paraprofessional
- (f) Office and Clerical
- (g) Skilled Craft
- (h) Service Maintenance.

(The official definitions for the eight occupational categories are outlined in the EEOC FORM 164, STATE AND LOCAL GOVERNMENT INFORMATION (EEO-4) instruction booklet.)

3. Provide for identifying every position, permanent and temporary, that has been approved and designated by the Civil Service Commission as a "designated bilingual position" under the provisions of Section IV,D of the Salary Standardization Ordinance. The Payroll/Personnel System must identify such positions for EEO purposes by
  - Department/Division/Sections.
  - Foreign Language required for designated bilingual position.
  - Date of Civil Service Commission Approval.

c. DATA REQUIREMENTS

The data elements necessary to meet the needs of the Equal Employment Opportunity Unit of the Civil Service Personnel Department are:

Name of Employee/Address/City/State/Zip Code

Classification Number and Title

Annual Rate of Pay

(compensation based on the biweekly rate of pay times 26 pay periods for each employee. The computation is affected by the date of the request and the premiums earned at the time of the request.)

Department/Division/Section

Employment Status of Employee:

Permanent  
Permanent Exempt  
Temporary (TCS)  
Temporary Exempt  
Non-Civil Service (NCS)  
Limited Tenure

Ethnic Identity of Employee

Sex of employee

Handicap Status, where applicable (State reporting requirements for distinguishing different handicap status types have not been released at this time.)

Spoken Foreign Language

Date of Bilingual Certification/Certified Proof of Proficiency

Conditional Waiver of Bilingual Skills Premium

City Resident/Non-City Resident

Change in Employment Status

Date of Civil Service Commission Approved Bilingual  
Position

EEOC Function Code

EEOC Occupational Code

Designated Bilingual Position.

d. REPORTING REQUIREMENTS

The Payroll/Personnel System will be required to generate  
the following reports:

1) Report: Departmental Appointment Surveys

Description: Summarizes on a monthly and bi-  
annual basis appointments made in  
each department.

2) Report: Employee Status Appointment  
Surveys

Description: Summarizes all monthly appointments  
by employment status.

3) Report: Appointments by Class: Citywide  
and/or by Department

Description: Summarizes monthly each month's  
appointments by class citywide  
and/or by department.

- 4) Report: Annual Permanent Appointments Report
- Description: Details new permanent employee data for the fiscal year for EEO-4 reporting.
- 5) Report: Annual Bilingual Position Report
- Description: Lists designated bilingual positions, locations and class for the fiscal year.
- 6) Report: Monthly Separation Reports
- Description: Summarizes all employee separations from City and County by race and sex on a monthly basis.
- 7) Report: Annual Workforce Composition Reports/Utilization Analysis Report
- Description: These reports detail the total number of employments by class, employment status, ethnicity and sex. Reports are required in five formats by sorting the same data elements into various sequences. The reports are additional summary reports to the EEO-4 report used in developing the City-wide Affirmative Action Program and departmental plans, monitoring NCS hiring by departments, identifying recruitment needs, and compiling various other reports requested by federal,

state, and local officials as well as the general public. The Utilization Analysis Report details the total City employee workforce ethnic composition of groups of classes for comparison with San Francisco Labor Workforce Statistics.

8. Report: Ad hoc Reports

Description: Special Reports requested by the user on an as-needed basis using the combination of data elements.

e. CONSTRAINTS

The execution of EEO requirements is governed by federal and state regulations, Civil Service Rules and Policies and Affirmative Action Plans. Decisions of the Civil Service Commission, legal opinions, court orders and federal and state legislation affecting EEO regulations will cause adjustments or additions to the data outlined for the EEO file. Security procedures must exist to insure that data entry is performed only by authorized personnel. Security procedures must exist to insure that access to data for correction purposes is limited to central personnel authorized to perform such maintenance.

f. IMPLEMENTATION PRIORITIES

The requirements outlined for the EEO Unit of the Civil Service are essential features of the new Payroll/Personnel System.

## 6. PERFORMANCE EVALUATION NOTIFICATIONS

### a. INTRODUCTION

Under Charter Section 3.661(b), the Civil Service Commission is authorized to establish a system of evaluating the performance of all employees of the City and County of San Francisco.

A Performance Rating System was developed in 1975 and implementation began in 1976. The Training Unit of the Civil Service Department is responsible for coordinating and maintaining this system through planning, scheduling and conducting training sessions for all supervisory department personnel in the procedures and methods of writing valid and reliable evaluations. The Training Unit is also responsible for establishing a Maintenance System by which evaluation reports are generated within and retained by departments. Evaluation reports for employees in classes assigned to the Senior Management Service are generated from departments to the Training Unit on a regular basis. To ensure consistency and quality of evaluations, the Training Unit schedules periodic audits of the system in each department.

The Training Unit is responsible for providing opportunities to all City and County departments for training in supervision and management skills.



b. FUNCTIONAL REQUIREMENTS

To support the employee evaluation programs of the Civil Service Training Unit, the Payroll/Personnel System must meet the following requirements:

Provide for identifying the dates employees' work performance must be evaluated on one of the following evaluation forms:

Performance Evaluation Report

- Evaluation dates and frequency/number of evaluation reports required governed by employment status of employee.

Management Performance Evaluation Report

- (1) for permanent employees in managerial positions not included in the Senior Management Service (SMS) program:
  - Required evaluation dates and frequency/number of reports distinguished by permanent employees who have completed probation.
- (2) For permanent employees participating in the Senior Management Service (SMS) program:
  - Required evaluation dates and frequency of reports distinguished by permanent employees serving probation and permanent employees who have completed probation.

Provide for listing dates all evaluations are to be completed by departments.

Provide for generating a monthly notification report of all employees' due a work performance evaluation in the forthcoming month.

Provide for listing dates of evaluations for employees in classes included in the Senior Management Service program. The list of evaluation dates is to be sent to the Training Unit, and the evaluations are to be returned to the Training Unit.

(For permanent employees participating in the SMS program, salary increments are not automatic. For a salary increment transaction to become effective for a permanent employee participating in the SMS program, Civil Service must provide positive input to the Payroll/Personnel System based upon receipt of the evaluation report.)

Provide for recording dates completed evaluation reports are received

- in departments
- in the Training Unit for employees in SMS classes.

Provide for generating list of evaluation reports outstanding for employees due a work performance evaluation.

c. DATA REQUIREMENTS

The following data elements are necessary to meet the needs of the Training Unit of the Civil Service Personnel Department:

Name of Employee

Classification Number and Title.

Employment Status of Employee:

Permanent  
Permanent Exempt  
Temporary Civil Service  
Temporary Exempt  
Non-Civil Service (NCS)  
Limited Tenure (LT).

Effective Date of Appointment in Current Classification.

Department, Division or Bureau

Work Performance Evaluation Notification Date

Work Performance Evaluation Due Dates

Work Performance Evaluation Report Completed

Work Performance Evaluation Report Not Completed

d. REPORTING REQUIREMENTS

The following reports are required by the Training Unit based on work performance evaluation dates established for employees

- whose evaluations are completed on the Performance Evaluation Report

- whose evaluations are completed on the Management Performance Evaluation Report
- participating in the SMS program and whose evaluations are completed on the Management Evaluation Report.

### Reports

Work Performance Evaluation Notification Dates

Work Performance Evaluation Due Dates

Work Performance Evaluations Completed

Work Performance Evaluations Not Completed.

### e. CONSTRAINTS

The execution of the Training Unit requirements is governed by Civil Service Rules and Procedures. Any decisions by the Civil Service Commission affecting Training Unit procedures will cause adjustments or additions to the data outlined for the Training Unit file.

Security procedures must exist to insure that data entry is performed only by authorized personnel.

Security procedures must exist to insure that access to data for correction purposes is limited to central personnel authorized to perform such maintenance.

f. IMPLEMENTATION PRIORITIES

The stated Training Unit requirements are essential for implementing effective pay increments in SMS classifications and meeting Training Unit operational functions through the Payroll/Personnel System. In addition, an "Expanded Performance Objective" considered highly desirable by the Civil Service Training Unit is for the system to generate evaluation forms with all critical employee data pre-printed.

## 7. LABOR RELATIONS

### a. INTRODUCTION

Under the Employer-Employee Relations Ordinance, the City is committed to promoting full communication with its employees by providing a reasonable method of resolving disputes between the City and its employees and their employee organizations. It is also the purpose of this ordinance to provide a uniform basis for recognizing the right of City and County employees to join employee organizations of their own choice and to be represented by such organizations in their employment relationship with the City and County. The Employee Relations Division of the Board of Supervisors is responsible for coordinating the meeting and conferring process, preparing memoranda of understanding, assigning classifications to bargaining units and for designating employees as management, supervisory or confidential. The functions for which the Civil Service Commission is responsible include certifying the appropriate employee organization to represent employees, conducting elections, investigating charges of Unfair Labor Practices and processing all matters which require a hearing before an Administrative Law Judge.

### b. FUNCTIONAL REQUIREMENTS

Provide a Bargaining Unit Code identifying the Bargaining Units to which classifications are assigned. Currently the following 15 Bargaining Units have been established:

1. Craft and related classifications

2. Non-supervisory employees in blue collar positions not included in Unit 1
3. Supervisory employees in blue collar positions related to 1 and 2, not included in Unit 1
4. Non-supervisory employees in white collar positions
5. Supervisory employees in white collar positions
6. Non-professional hospital and institutional employees
7. Municipal Railway employees excepting clerical classification, transit car cleaners, engineers, technical engineering employees and related supervisory employees to excepted classes
8. Professional employees -- provided, however, that each professional shall have the right to separate representation for that particular professional category
9. Courtroom, security, and detention personnel
10. Technical engineering employees to include employees working in technical supportive capacities to engineers and architectural staff
11. Supervisory employees in positions related to Units 1, 6, 8, and 9
12. Sworn permanent and promotive personnel in the Sheriff's Department
13. Paraprofessionals

14. Peace Officers

15. Supervisory Peace Officers.

Provide for coding indicating management, supervisory and confidential employees.

- Section 16.208 of the Employer-Employee Relations Ordinance provides for the exclusion of employees in management, supervisory and confidential positions from Bargaining Units. The exclusion of employees in management, supervisory and confidential positions is determined for the purpose of the ordinance by the Employee Relation Division and Department Heads.

Provide for coding of Local Union Numbers identifying certified unions representing classes assigned to Bargaining Units.

Provide sub-unit assignment codes for one or more classes assigned to a Bargaining Unit within which craft or professional sub-units have been identified.

c. DATA REQUIREMENTS

To meet the needs of the Labor Relations Division of the Civil Service Personnel Department, the Payroll/ Personnel System must secure the following information:

Name of Employee

Classification Number and Title



Employment Status of Employee

Permanent  
Permanent Exempt  
Temporary (TCS)  
Temporary Exempt  
Limited Tenure  
Non-Civil Service

Bargaining Unit Code

Bargaining Sub-Unit Code

Union Local Code

Management Employee Code

Supervisory Employee Code

Confidential Employee Code.

d. REPORTING REQUIREMENTS

The new Payroll/Personnel System will be required to generate reports to satisfy the reporting requirements of the Employee Relations Division of the Board of Supervisors and the Labor Relations Section of the Civil Service Commission.

General Reports

1. Report: Number/Names of Temporary Employees  
in a Classification

Description: This report summarizes by classification number and title all Temporary Employees in a given classification.

2. Report: Number/Names of Permanent Employees in a Classification

Description: This report summarizes by classification number and title all Permanent Employees in a given classification.

3. Report: Number/Names of Temporary Employees Permanent in Another Classification

Description: This report summarizes by classification and title those employees currently working in a classification who are permanent in another classification.

4. Report: Classifications Numbers and Titles in Bargaining Units

Description: This report is a compilation of all classifications numbers and titles assigned to respective Bargaining Units.

5. Reports: Employee Relations Information Reports

Description: These reports provide information by sorting data elements by:

- Classification Number
- Bargaining Unit or Sub-Bargaining Unit Number
- Local Union Number
- Employees Name.

Special Reports

1. Report: Projected Cost Estimates

Description: These on-request basis reports project cost estimates on an annual, monthly and biweekly basis for

- Current salary rates of employees in each classification.
- Yearly, flat fee payments of membership dues requested for specified classifications represented by respective unions.

- Flat, biweekly payments (reimbursements) requested for employees in certain designated classifications represented by respective unions for their classifications.
- Percentage Increase added to the salaries for all employees represented by a particular union (employees are at various salary steps).
- Percentage Increase based upon an external factor for employees in certain classes represented by a particular union who become eligible to receive the night shift differential for an additional hour.
- Salary Step Increment  
Increases for all employees in certain represented classifications below Step 3 who are automatically moved to Step 3.

e. CONSTRAINTS

Labor Relations are governed by the Employer-Employee Relations Ordinance, decisions of the Board of Supervisors and MOU's. Legal opinions or court orders may cause adjustments or additions to the data outlined for Labor Relations.

Security procedures must exist to insure that data entry is performed only by authorized personnel.

Security procedures must exist to insure that access to data for correction purposes is limited to personnel authorized to perform such maintenance.

f. IMPLEMENTATION PRIORITIES

The requirements for Labor Relations as stated above are essential to implementing the Payroll/Personnel System.

## 8. SKILLS INVENTORY

### a. INTRODUCTION

One of the significant tasks included in personnel administration is the ability to identify education, training and skills of all employees of an organization. This type of employee information is useful in planning and executing recruitment efforts to fill positions of the organization. Further, the availability of such information and the ability to quickly retrieve the information assists management in meeting unforeseen situations requiring the attention of people with specialized training and skills. To this end, automated Payroll/Personnel Systems are momentous in that they lend themselves to capturing employee skills, are able to store the data and are capable of reporting the information when required.

One of the expanded performance objectives of the Payroll/Personnel System will be to compile an inventory of education, training and skills for employees of the City and County of San Francisco. This feature will not be included in the initial implementation phase of the System. Much discussion is required before deciding the specific skills to be included, the methodology for securing and verifying such information, the reporting formats and who will have access to the information.

### b. FUNCTIONAL REQUIREMENTS

The Payroll/Personnel System must identify schools, colleges and universities employees have attended, dates of attendance, degrees and certificates received, and record employees' major course work.

The System must record specialized training employees have completed in various disciplines or fields, where such training was completed and dates of attendance.

The System must identify employees who possess State or Federal licenses, identify the license and record issuance and expiration dates.

Employees with the ability to speak and/or write in a language other than English must be identified.

Employees with verbal, writing, supervisory and managerial skills must be identified.

c. DATA REQUIREMENTS

The following data elements are necessary to skills inventory:

- School, College or University
- Major course work
- Degrees/Certificates
- Federal licenses
- State licenses
- Non English language Skills
- Communication Skills
- Supervisory Skills
- Managerial Skills
- Critical Dates.

d. REPORTING REQUIREMENTS

The reports related to Skills Inventory are as follows:

Error Reports

Rejected transactions in entering data must be reported in an appropriate format in order to correct and re-enter data.

Update Reports

Details the additions, changes or deletions processed against this file.

Ad hoc Reports

Special reports requested by user on an as needed basis using select data elements.

e. CONSTRAINTS

Information to be included in Skills Inventory is governed by policy of the Civil Service Commission, Civil Service Commission Rules and applicable laws to insure appropriate preservation of privacy.

Security measures must exist to insure that data entry and data correction is performed only by authorized personnel.



f. IMPLEMENTATION PRIORITIES

Establishing an inventory of education, training and skills of employees in the City work force is an expanded performance objective of the Payroll/Personnel System and will not be considered in the initial implementation phase of the new System.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

F. VACATION AND SICK LEAVE HOURS ACCOUNTING

1. VACATION

a. INTRODUCTION

Section 8.440 of the Charter establishes that:

"(a) Every person employed in the City and County service shall be allowed a vacation with pay annually, as long as he continues in his employment, as follows:

- (1) After one years' [sic] continuous service, ten working days.
- (2) After five years' continuous service, fifteen working days.
- (3) After fifteen years' continuous service, twenty working days."

Administrative Code provisions contained in Sections 16.10 through 16.16 establish rules for calculation, accumulation, and scheduling of vacations. Changes to the Administrative Code, which received final passage on June 15, 1981, provide for calculation of vacation allowances based on hours or paid service in the prior year. Further changes to the Code passed in January 15, 1982, provide for use of vacation credits to supplement State Disability Insurance payments.

A resolution of the Superior Court dated October 6, 1959, and amended on May 6, 1975, establishes vacations for court reporters.

Presently, the calculation of vacation awards and recording of usage is performed, generally manually, by departmental timekeepers as well as centrally by Civil Service Payroll Audit Section. Periodic reconciliations of departmental and Civil Service records must be performed. Discrepancies are common. In some cases this results in delays in payment of in lieu of vacation amounts to employees who must wait while these discrepancies are resolved. Timekeepers report difficulty in obtaining correct balances for employees transferring from other departments.

Objectives of the new automated system:

To identify and accumulate paid service hours which earn vacation, by calendar year and anniversary year

To calculate vacation allowances at the beginning of each calendar year, on selected anniversary dates, and at separation

To record vacation used

To maintain current and accurate vacation balances

To reduce substantially the manual effort presently required to maintain vacation balances

To eliminate discrepancies resulting from duplicate record keeping

To provide current balances and anniversary dates to timekeepers for employees transferring from other departments

To increase the speed with which separating employees are paid for vacation earned but not used at the point of separation

To report vacation awards, usage and balances periodically to employees, employing departments, Civil Service and the Retirement System.

Because of their unique scheduling requirements, vacation accounting for uniformed members of the Fire Department will be performed by that department.

The vacation accruals for certificated employees are not addressed in this document.

b. FUNCTIONAL REQUIREMENTS

Vacation tracking basically involves seven functions:

- o Distinguish between employees who earn vacation and those who do not
- o Accumulate paid service hours
- o Calculate vacation awards
- o Calculate vacation balance
- o Reduce vacation credits as vacation is used
- o Reduce vacation balances to the maximum accumulation permitted (30 days)
- o Provide data for estimating City liability for accrued vacation.

- (1) Distinguish between employees who earn vacation and those who do not

All employees earn vacation except:

- elected officials
- members of boards and commissions, and
- judges.

Vacation accounting for uniformed members of the Fire Department will not be done by the Payroll/Personnel System. Court reporters earn and use vacation according to separate rules. Another set of rules applies to former State employees. Employees appointed for part-time as needed work and not assigned to a regular schedule do not establish continuous service. Since one year of continuous service is required before a vacation allowance is awarded, these employees will ordinarily not qualify.

The system needs to be able to distinguish employees who fall into these categories or to permit identifying, for each employee, whether he or she is eligible to earn and be awarded vacation. The first alternative is likely to be more economical.

- (2) Accumulate paid service hours

All paid hours (including paid vacation hours) count toward paid service for vacation on a one-for-one basis. In addition, for employees receiving Workers Compensation, the number of hours of their normal work schedule counts toward paid service. For employees receiving State Disability Insurance, the number of hours of their normal work schedule counts toward paid service, but only if they are supplementing SDI with vacation, sick leave or compensatory time; otherwise no hours count.

Separate accumulations need to be kept of paid service hours based on the following time segments:

- First of year to anniversary date
- Anniversary date to year-end.

These should always reflect the most recent of the two periods so as to combine to produce a calendar year total at calendar year end and an anniversary year total at anniversary year end.

### (3) Calculate Vacation Awards

Vacation is not accrued as paid service builds up; rather it is awarded at specific times.

The first award is made after completion of one year of continuous service and is made on the anniversary date.

After the first year of service, the award is made on January 1.

Additional awards are made on the fifth and fifteenth anniversary dates. Finally, employees receive an award at separation from City employment under certain conditions.

#### Calculation of Calendar Year Award -- First Year

No calendar year award is made on January 1 of the first year since employees are not eligible for an award until they have completed one year of continuous service.

## Calculation of Award for First Anniversary

Multiply paid service hours for the anniversary year, not to exceed 2080 hours, by .0385 to arrive at the number of hours to be awarded.

## Calculation of Calendar Year Award -- Second Year

On January 1 of the employee's second year, the vacation award is for only that portion of the prior year that has not already been used in calculating the first anniversary award. Multiply paid service hours (up to 2080), between the anniversary date and year-end by .0385 to give the hours of vacation to be awarded.

## Calculation of Calendar Year Award -- Years Other Than First, Second, Sixth and Sixteenth

Multiply calendar year paid service hours (not to exceed 2080) by:

- .0385 in the third, fourth and fifth years
- .0577 in the seventh through fifteenth years
- .0770 in all years after the sixteenth.



#### Calculation of Calendar Year Award -- Sixth and Sixteenth Years

These years follow anniversary years when rates change; hence, the calculations must reflect this. Multiply paid service hours prior to the anniversary date by the "old" rate -- .0385 in the sixth year or .0577 in the sixteenth year.

Multiply paid service hours after the anniversary date by the "new" rate -- .0577 in the sixth year and .0770 in the sixteenth year.

Before performing the calculation, a check needs to be made to determine whether total paid service hours (the sum of pre- and post-anniversary date paid service) in the prior year exceeds the 2080 limit. Any amount in excess of the maximum will be assumed to apply to the later period first.

#### Calculation of Fifth and Fifteenth Anniversary Awards

Multiply the anniversary year paid service hours (not over 2080) by .0192 (.0577 minus .0385) in the fifth year or .0193 (.0770 minus .0577) in the fifteenth year giving the additional vacation award in hours.

#### Calculation of Award at Separation

If the employee's separation date is less than one year from the vacation anniversary date (i. e., the employee has worked for less than a year), the employee is not entitled to an award.

Employees hired in 1981 or after are eligible for vacation awards based on their final year's service up to the separation date.

Therefore, if the employee's anniversary date for vacation is January 1, 1981, or after, the vacation award is calculated by multiplying the current vacation accrual rate for that employee based on length of service by the number of paid service hours (not over 2080) from the first of the calendar year to the separation date. If his or her first, fifth or fifteenth anniversary date falls during that period, the calculation must use two rates as described for sixth and sixteenth year calculations above. (The "old" rate for the first year would be zero; the "new" rate would be .0385.)

Employees hired before 1981 earn additional vacation awards only for time worked, if any, after the anniversary date in the year of separation.

For this group, if the employee's anniversary date for vacation is before January 1, 1981, the separation award is based on paid service hours, if any, between the anniversary date in the year of separation and the separation date, multiplied by the current rate. In other words, if the employee leaves before the anniversary date, there is no additional award. If he or she leaves after the anniversary date the award is based on hours of paid service after the anniversary date.

#### Calculation of Vacation for Court Reporters

Court reporters are entitled to 21 days vacation in each calendar year without regard to length of service or hours of paid service.

## Calculation of Vacation for Former State Employees

The employee earns ten days vacation in the first and second years of service, 15 days in the third through ninth years of service, 17 days in the tenth through fourteenth years of service, and 20 days if employed for 15 or more years. Vacation is earned without regard to hours of paid service.

### (4) Calculate Vacation Balance

To calculate the current vacation balance, add the number of hours of vacation awarded this year to the vacation balance at the beginning of the year, then subtract the amount of vacation used this year to arrive at the current vacation balance.

### (5) Reduce Vacation Balances as Vacation is Used

Vacation must be used in units of one hour. Add hours of vacation reported as taken to the total vacation used this year.

When vacation hours are being used to supplement State Disability Insurance, it is necessary to convert dollars (the SDI payment amount) to hours before the vacation balances can be adjusted. This is done by dividing the SDI amount by the employee's hourly rate of pay to determine the hours equivalent of the SDI amount. This is then subtracted from the hours in the employee's normal work schedule. The result is the number of hours of vacation being used for supplementing SDI. (There are also other ways to approach the calculations depending on the data available.)

Since there is likely to be a lapse of time between submission of regular time reports and submission of supplemental disability time reports, care must be taken that the hours value of supplementation reduce the vacation balance as hours are used but not result in duplicating paid service hours credit for vacation award calculation. The duplication could occur because the employee would accumulate paid service hours for the normal work schedule while on leave for Worker's Compensation, and these hours would have already been reported on the regular time report. Also, the hours equivalent of SDI payments (which are not paid hours) earn vacation credit if they are supplemented and hence must be identified and recorded to the payroll system.

(6) Reduce Vacation Balances to the Maximum Accumulation Permitted

The old rule requiring the use of a minimum of five days of vacation in a calendar year does not appear in the new ordinance. The limit on 30 days accumulation does. At the beginning of the new year, prior to calculation of the awards, all vacation balances must be examined. Any which exceed 30 days (normally 240 hours) must be reduced to that amount. An employee receiving Workers' Compensation who exceeds the 30-day maximum accumulation, can be entitled to pay for the excess amount lost; hence, the loss needs to be reported to the timekeeper for a determination to be made. The maximum accumulation is only considered at the start of the new calendar year, not at the time of anniversary awards.

The maximum for former State employees is 30 days for employees with less than ten years of service and 40 days for employees with ten or more years of service.

For court reporters the balance is reduced to zero. There is no provision for accumulation of vacation earned.

(7) Provide Data for Estimating City Liability for Vacation

Since the payroll/personnel master file will contain the number of hours of vacation awarded and the number of paid service hours representing vacation "accrued" but not awarded, it will serve as a useful reservoir of data for point-in-time estimates of vacation liability on a City-wide or departmental basis. Such estimates could be done on an annual, monthly or biweekly basis. Some problems will need to be resolved in order to do this, such as dealing with employees with multiple rates of pay.

The payroll system will not necessarily be expected to support estimates by account or on a continuous basis. The essential problem relates to the fact that vacation is earned in hours rather than dollars and is often used when the employee is being paid a higher rate than that at which the hours were earned. So when an employee gets a step increase or promotion, not only does the value of his current vacation earnings go up, but the current value of his accumulated vacation credits goes up. And, of course, the employee may have worked against many different accounts during the period of earning.

Hired November 1, 1982 Separated August 1, 1989

[illegible]

```
##### = Paid Service for Anniversary Award Calculation
***** = Paid Service for Normal Calendar Year Accumulation
@@@@@ = Paid Service for January 1 Following 5th or 15th
Anniversary - Pre-anniversary portion at lower rate
&&&&& = Paid Service for January 1 Following 5th or 15th
Anniversary - Post-anniversary portion at higher rate
%%%%% = Paid Service for Separation Award
```

1982	Employee Hired
1983	January 1 No Vacation Award. November 1 Vacation Award based on service November 1, 1982 to November 1, 1985
1984	January 1 Vacation Award based on service November 1, 1985 to January 1, 1984
1985	January 1 Vacation Award based on service January 1, 1984 to January 1, 1985
1986	January 1 Vacation Award based on service January 1, 1985 to January 1, 1986
1987	January 1 Vacation Award based on service January 1, 1986 to January 1, 1987; November 1 Anniversary Award based on service November 1, 1986 to November 1, 1987
1988	January 1 Vacation Award; note use of two rates
1989	January 1 Vacation Award; August 1 Separation Award

c. DATA REQUIREMENTS

Proper vacation hours accounting is based on accurate reporting of suitably defined hours. The hours distinctions described elsewhere in this document should be sufficient to meet this need. Special attention should be called to reporting unpaid hours which accrue vacation (time on Worker's Compensation and SDI).

Because of the importance of hours information, a simple way to make corrections to hours reported, even when the correction does not affect pay, must be a part of the system.

Data elements necessary to perform the essential vacation hours accounting function are:

- Rate of Pay
- Paid Hours
- Unpaid Hours (Workers' Compensation, State Disability Insurance when supplemented)
- Hours Type
- Employee's Regular Work Schedule (for a pay period)
- Employee Type (uniformed, elected official, member of board or commission, judge, court reporter)
- Department Number

- Accumulated Paid Service Hours -- first of year to anniversary date
- Accumulated Paid Service Hours -- anniversary date to year-end
- Vacation Anniversary Date
- Separation Date
- Vacation Balance at Beginning of Year
- Vacation Awarded this Calendar Year
- Vacation Used this Calendar Year
- Vacation Lost
- SDI Amount (or hours equivalent).

Since vacation accounting depends on accurate and appropriately detailed hours information, the system must accept only valid hours codes.

The ability to adjust hours reported is important even though the number of adjustments is expected to be far lower than at present as a result of eliminating anticipation.

The ability to adjust vacation balances is also important to handle situations involving special circumstances. This should be a restricted function which can only be performed by properly authorized individuals.

The system should identify reports of vacation time used which would reduce the vacation balance below zero and reject them.



d. REPORTING REQUIREMENTS

The reports needed for vacation accounting:

Exception/Error Report

Invalid conditions such as time reports of vacation taken by employees not eligible for vacation or when no vacation credit is available will be reflected on error reports. These will probably be the same reports which reflect other errors in time reporting.

Current Vacation Balance

Current balance information is needed by employees, timekeepers and the central payroll/personnel office.

For employees, a likely medium for reporting this is the pay stub although other media are possible. The ideal breakout of information would be vacation at beginning of year, vacation awarded this year, vacation used this year, and vacation lost at the beginning of year. Optionally, it could also show vacation used last pay period and vacation awarded last pay period (if any). If space does not permit such a level of detail, the balance alone will serve.

A biweekly report of that same information for each employee by department would enable timekeepers to audit time reports before submitting them and would also serve central payroll/personnel needs.

Award of Vacation

When an annual or anniversary vacation award is made, a separate notice could be generated to the employee advising him or her of the award, or the pay stub data (especially if more detailed) could convey the award information.

These awards should also appear on the biweekly reports to central payroll/personnel.

Separation awards typically form part of the basis for in lieu of vacation payments.

Calculation of separation awards could be triggered by the entry of a separation date. However, in many cases hours might still be reported after separation and an adjustment to the calculated amount would be needed. The better alternative would be to perform the separation award calculation on request after it is believed all hours reports are in. The authorization for payment could then be submitted in an accurate amount.

### Hours History

To be able to validate and support the correctness of balances, a detailed hours history should be maintained. The history should show for each pay period all categories of paid and unpaid hours reported, and show the number of hours and the hours code. Any hours adjustment transactions should be integrated into this report.

This data will support the calculation of paid service as well as show reported usage.

This report might take the form of an annual accumulation of pay period hours detail sequenced by employee (Social Security number) on microfiche. It would be particularly useful if award information was also integrated into the report based on the pay period in which the award was made.

## Report of Vacation Lost

Vacation is lost only once a year effective December 31 of that year if an employee exceeds the maximum accumulation. Each departmental timekeeper should receive a report of employees with losses in order to be able to verify the correctness of the action, to answer questions from the employee, and to consider whether payment for the lost time is appropriate.

### e. CONSTRAINTS

Vacation hours accounting is governed by the Charter and Administrative Code sections mentioned earlier, with scheduling of vacation at the discretion of the department head.

A complete audit trail of vacation earned and used through the reports and history files described above should enable the City to demonstrate the accuracy of current balances.

### f. IMPLEMENTATION PRIORITIES

Basic maintenance of vacation balances is a requirement of the new Payroll/Personnel System. Automated calculation of awards for court reporters and former State employees is an expanded performance objective. These calculations are performed for relatively few employees and are basically simple in nature. Calculation of vacation supplements for temporary disability or SDI present timing problems which suggest that some steps of that process are best done manually. Questions concerning eligibility to pay for lost vacation or upon separation require manual determinations

Providing data to support point-in-time estimates of vacation liability is a system requirement. Supporting more sophisticated vacation liability accounting is beyond the scope of the payroll/personnel system.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## 2. SICK LEAVE WITH PAY

### a. INTRODUCTION

As with vacation, the authority for sick leave with pay rests in the Charter. Section 8.363 "Leaves Due to Illness or Disability" provides that

"The Civil Service Commission by rule shall provide for leaves of absence, due to illness or disability, which leave or leaves may be cumulative, if not used as authorized, provided that the accumulated unused period of sick leave shall not exceed six (6) months, regardless of length of service . . ."

Civil Service Commission Rule 22.02 sets forth the definitions, requirements and conditions for use of sick leave. Changes to Rule 22 adopted on February 20, 1981, provide for accrual of sick leave on an hourly basis. An amendment pending before the Board and Mayor authorizes use of sick leave with pay credits to supplement State Disability Insurance.

The recording of hours worked, the calculation of sick pay earned, and the recording of sick pay used are generally performed manually by departmental timekeepers, as well as centrally by Civil Service Payroll Audit Section. Periodic reconciliations of departmental and Civil Service records must be performed. Discrepancies frequently are found and can result in delay in payment or in lieu of sick pay amounts to separating employees who have vested sick pay credits. Timekeepers report difficulty in obtaining correct balances for employees transferring from other departments.

Objectives of the new automated system:

To identify paid service hours which earn sick leave with pay credits.

To calculate the sick leave with pay credits earned in each time reporting cycle.

To record sick leave with pay usage.

To maintain current and accurate balances for sick leave with pay credits earned.

To substantially reduce the manual effort presently required to maintain sick leave with pay credit balances.

To eliminate discrepancies resulting from duplicate record keeping.

To provide current balances and anniversary dates to timekeepers for employees transferring from other departments.

To increase the speed with which separating employees are paid for any sick leave with pay credits to which they are eligible.

To report sick leave with pay accrued and used periodically to employees, employing departments, Civil Service and the Retirement System.

To provide data for estimation of the City's liability for sick pay.

To provide limited automated support for the computation of supplemental disability credits.

Because of their unique scheduling requirements, sick leave accounting for uniformed members of the Fire Department will be performed by that department and not by the Payroll/Personnel System. Members of the uniformed ranks of the Police Department will be included in the sick leave accounting processing of the central payroll system as long as their sick leave rules conform to the rules for miscellaneous employees established by Rule 22.

Sick leave accrual and usage for certificated employees is not addressed in this document.

b. FUNCTIONAL REQUIREMENTS

Sick leave tracking basically involves eleven functions:

- o Distinguish between employees who are eligible to accrue sick leave with pay credits and those who are not.
- o Identify paid service hours which earn sick leave credit.
- o Calculate sick leave accruals.
- o Determine whether an employee qualifies to use sick leave with pay credit.
- o Reduce sick leave balance as sick leave is used.
- o Calculate sick leave balances.
- o Monitor sick leave balances to prevent their exceeding the maximum hours.
- o Maintain vested sick pay balances.

- o Reduce or increase sick leave maximum if employee's regular work schedule changes.
  - o Maintain Supplemental Disability Credit balances.
  - o Support use of sick leave with pay credits to supplement State Disability Insurance.
  - o Provide data for estimating City liability for accrued sick leave with pay credits.
- (1) Distinguish Between Employees Who Are Eligible to Accrue Sick Leave With Pay Credits and Those Who Are Not.

Employees are eligible to earn sick leave with pay credits except for:

- Elected officials
- Members of boards and commissions
- Judges
- Special officers appointed by the Police Commission.

As mentioned earlier, sick leave accounting for the uniformed members of the Fire Department will not be performed by the Central Payroll/Personnel System. Former State employees and court reporters earn sick leave on a different basis than other City employees.

The system needs to have the capacity to distinguish these groups of employees or to allow coding of each employee for sick leave eligibility.



- (2) Identify Paid Service Hours Which Earn Sick Leave Credit.

All paid hours earn sick leave with pay credit except the following:

- Overtime over forty hours per week
- Holiday pay (i. e. pay for working a holiday).

Employees supplementing SDI earn sick leave with pay credits only for those hours of sick leave with pay credits used. In other words, they do not earn credit for the hours equivalent of the SDI Payment. (Sick leave differs from vacation on this point.)

Employees receiving Workers' Compensation earn sick leave with pay credits based on the hours in their regular work schedule.

- (3) Calculate Sick Leave Accrual.

Regular Biweekly Calculation.

Sick leave accruals are calculated each pay cycle by multiplying the number of hours of paid service (determined above) by .05 to give the number of hours of sick leave earned.

## Calculation for Court Reporters.

The Superior Court resolution establishing sick leave for its court reporters provides that "each official permanent court reporter of this Court shall be entitled to thirty (30) days sick leave with pay in each year, and such additional sick leave as the court may, in its discretion, deem to be reasonable and necessary under the exigency of the circumstances."

In the Municipal Court, sick leave allowances are established annually by the judges. The allowance is normally 21 days but it varies at the judges' discretion.

The use of calendar days rather than work days at the Superior Court, the variability in awards, and the relatively small number of employees involved argue for maintaining these balances manually rather than through an automated system.

## Calculation for Former State Employees.

Former State employees accrue one day of sick leave on the first of each month assuming that they have worked 160 hours in the prior month. Part-time employees earn sick leave on a pro rata basis.

- (4) Determine Whether Employee Qualifies to Use Sick Leave With Pay Credit.

To use sick leave with pay, the employee must have served a total of six continuous months of regularly scheduled paid service in addition to meeting the same requirements as for earning sick leave. This will be defined operationally as having a sick leave anniversary date at least six months earlier and currently working a regular full-time or part-time schedule (i.e., not part-time as needed, irregular schedule.)

(5) Reduce Sick Leave Balance as Sick Leave is Used.

Sick leave with pay credits must be used and deducted in minimum units of one hour. Sick leave with pay credits used reduce the sick leave balance except in the case of Leave Due to Battery which is not charged against the sick leave balance.

When sick leave is used to supplement SDI, the dollar amount of supplementation must be converted to an hours equivalent before it is subtracted from the sick leave balance. This can be done by dividing the SDI payment amount by the employee's hourly rate, then subtracting the result from the number of hours in the employee's regular work schedule. The result is the number of hours corresponding to the supplementation.

The same caution mentioned in discussion of vacation usage about avoiding duplicate credit applies here as well (except that the hours equivalent of SDI payments do not earn credit for sick leave).

(6) Calculate Sick Leave Balance.

To calculate the sick leave balance, add the accrued sick leave hours to the sick leave balance; then subtract the sick leave hours used. This calculation should be performed each pay cycle.

(7) Monitor Sick Leave Balances to Prevent Their Exceeding the Maximum Hours.

After calculation of the sick leave balance, the new balance should be compared to the maximum for that employee. For most employees, the maximum is 1040 hours (130 days or six months). An employee working a regular work schedule of less than 40 hours per week has a proportionately reduced maximum.

If the new balance exceeds the maximum for that employee, it must be reduced to the maximum and the excess is lost.

Former State employees may accumulate sick leave with pay credit without limit.

Court reporters do not accumulate unused sick leave credits.

(8) Maintain Vested Sick Pay Balances.

Rule 22 provides

"(a) An employee who had accumulated unused Sick Leave With Pay Credits and who had completed the service requirement on or before December 5, 1978 shall upon the effective date of retirement for service or disability, or upon the date of death, or upon the date of separation caused by industrial accident be reimbursed for the accumulated unused Sick Leave With Pay Credit Balance which had been earned on or before December 5, 1978 and not subsequently used . . . ."

In order to maintain "vested and unused accumulated Sick Leave With Pay Credits", the payroll system will need to know the vested balance for an employee at the time the system begins tracking sick leave for that employee.

From that point on, at any time the employee's Sick Leave With Pay Credits fall below the vested amounts, the vested amount needs to be reduced by the amount of the difference. It is not possible to earn vested sick pay after December 5, 1978.

In some complex circumstances, especially when timing factors are involved, it may prove to be impossible to accurately maintain the vested balance through an automated system. In such a case, an analysis of the sick leave audit trail on a manual basis should make possible a proper determination of the balance.

- (9) Reduce or Increase the Sick Leave Maximum If the Employee's Regular Work Schedule Changes.

Rule 22 specifies that "Maximum Accumulated Sick Leave With Pay Credits shall be reduced proportionately for employees entering a class or position where the regular work schedule is less than the class exiting . . . ." Employees who have an accumulation of Sick Leave With Pay Credits in excess of the new, lower maximum are entitled to have such excess credits restored upon return to an increased regular work schedule.

The Payroll/Personnel System itself could calculate the new sick leave with pay credits maximum and establish a reserve or re-credit hours from a reserve when the employee's regular work schedule changes.

Since the employee may have a vested balance in excess of the new lower balance it would presumably also be necessary to establish a vested reserve and restore credits from a vested reserve following the same pattern.

- (10) Maintain Supplemental Disability Credit Balances.

Employees who are absent "due to illness or injury arising out of and in the course of employment" and who are receiving Workers' Compensation may supplement disability indemnity payments with salary up to the full salary for the employee's regular work schedule.

The hourly equivalent of these supplemental payments is not charged against the Sick Leave Balance. Instead a separate account of Supplemental Disability Credits is established. Its initial value is equal to the employee's sick leave balance at the outset of the industrial indemnity payment period. The hours used to supplement disability payments are charged against this account. When that account reaches zero, the employee is eligible to no further supplementation.

While on disability leave, the employee earns Supplemental Disability Credits at the same rate as he or she earns sick leave with pay credits (which for such an employee is based on the hours in his or her regular work schedule).

Upon return to work following such a disability leave, the employee earns sick leave with pay at the usual rate but earns Supplemental Disability Credits at twice the usual rate until the original value of the account at the onset of disability is again reached.

In case of a new injury or recurrence of the original injury before all credits have been restored, the new Supplemental Disability Credit balance is the lesser of the sick leave credit balance and the Supplemental Disability Credit Balance at the time of recurrence or new injury.

Since there is usually a time lag before the determination to supplement is made, it is impractical if not impossible for the Payroll/Personnel System to establish the initial Supplemental Disability Credit balance. Therefore, it must be able to accept the balance as input once it has been computed. It also must have the capacity to accept the amount of Supplemental Disability Credits used and earned from the initial point of disability to the present.

Once it has these beginning amounts, the system can add accrued Supplemental Disability Credits and subtract Supplemental Disability Credits used until the balance reaches zero or a recurrence or new injury occurs.

It is probably not practical for the new system to handle multiple Supplemental Disability Credit accounts. Even if the computer logic could be developed, it would probably be so complex as to be very difficult to understand and work with.

- (11) Support Use of Sick Leave With Pay Credits to Supplement State Disability Insurance.

If the amendment to Rule 22 is adopted as written, employees who are absent from work and receiving SDI will be able to supplement SDI with sick leave with pay "so that the total of SDI and sick leave with pay calculated in units of one-hour provides up to but does not exceed the regular gross salary the employee would have received for the normal work schedule excluding overtime."

No special account is necessary in this case since the hours used for supplementation are charged against the sick leave balance as they are used and time so used is earned again at the regular rate. There is no accelerated earning of credits.

The starting figure for calculation is again the amount of SDI payment which first must be converted from dollars to hours, then subtracted from the employee's regular work schedule to give the number of hours of sick leave charged for supplementation. This calculation can be partially or fully automated. Factors of complexity and timing may argue for performing the calculation manually and passing the results to the automated system via adjustment transactions.

- (12) Provide Data for Estimating City Liability for Accrued Sick Leave with Pay Credits.

Since the payroll/personnel data base will contain current sick pay balances for most employees along with rate of pay, department, etc., it could be used for developing estimates, as of a point in time, of the City's liability for sick leave. The same sort of considerations and reservations as discussed for estimating vacation liability apply here.

c. DATA REQUIREMENTS

The basic data for sick leave accrual is accurate and appropriately defined hours information. The ability to make corrections to hours reported, even when there is no impact on pay, should be supported by the system.

Data elements necessary to perform the essential sick leave accrual functions are:

- Rate of Pay
- Paid Hours
- Unpaid Hours (Workers' Compensation, State Disability Insurance)
- Hours Type
- Employee's Regular Work Schedule (for a pay period)
- Employee Type (uniformed, elected official, member of board or commission, judge, court reporters, special officers appointed by the Police Commission)
- SDI Amount (or hours equivalent)
- Sick Leave Anniversary Date
- Sick Leave Balance
- Maximum Sick Leave Accumulation
- Sick Leave Reserve



- Vested Sick Leave Balance
- Vested Sick Leave Reserve
- Supplemental Disability Credit Balance
- Initial Supplemental Disability Credit Amount.

d. REPORTING REQUIREMENTS

The reports needed for sick leave accounting:

Exception/Error Report

Invalid conditions such as time reports of sick leave used by employees who do not have sick leave balances adequate to cover the amount used will be reflected on error reports along with other error conditions.

Current Sick Leave Balance

Employees, timekeepers and the central payroll/personnel office need to know current balances.

The pay stub is a convenient medium for notifying the employee of his or her balance each pay period.

A biweekly report listing all employees by department would enable timekeepers to audit time reports for sufficient balances prior to submission and would also serve central payroll/personnel needs.

This report should contain information about sick leave earned and used for the past pay period, current and vested balances, the current Supplemental Disability Credit balance (if any), and breakouts of hours used to supplement Workers' Compensation or SDI. It should show the sick leave anniversary date being used and the maximum accumulation if it is other than the standard amount. Optionally, it could show year to date earnings and usage totals.

For greatest convenience, this data should be integrated with the report of current vacation balances.

#### Supplemental Disability Credit Report

Employees who have Supplemental Disability Credit Accounts open should appear on a biweekly report with the following data:

- Name
- Social Security Number
- Initial Supplemental Disability Credit Amount
- Supplemental Disability Credits Earned This Pay Period
- Supplemental Disability Credits Used This Pay Period
- Sick Leave Balance at Start of Pay Period
- Sick Leave Balance at End of Pay Period.

This report can go to the timekeepers but should also go to the supplemental disability specialists working in the central payroll/personnel office.

### Hours History

To be able to validate the correctness of sick leave balances, a detailed hours history should be maintained. It should show for each pay period the number of paid and unpaid hours reported identified by hours code. It should show the amount of sick leave accrued in the pay period and the total regular and vested sick leave credits at the end of the pay period. Any hours adjustments made later should be integrated into the hours history. It should reflect establishment of sick leave reserves and their liquidation.

When Supplemental Disability Credit balances are established, they should be included in the history. The amounts used and earned and the final balance by pay period should be shown.

The hours history could be accumulated and summarized on an annual basis and be produced on microfiche. The most useful sequence would be by employee within department. This would provide each department with a detailed history for each employee from the point the employee came to work for that department. Research on periods prior to that time could be conducted through the central payroll/personnel office which would maintain a complete record for all departments.

### e. CONSTRAINTS

Sick leave is governed by the provisions of the Administrative Code and the Charter as mentioned above. Decisions of the Civil Service Commission affecting individuals or groups of employees, legal opinions, and court decisions may affect the interpretation of those regulations. Hence, the system needs as much flexibility in this area as possible.

A full audit trail showing hours reported each pay period, all adjustments, and the impact of these on balances will enable the City to demonstrate the correctness of present balances and to correct any errors which have occurred.

f. IMPLEMENTATION PRIORITIES

Sick leave accounting for employees covered by Rule 22 is a basic system requirement. Sick leave accounting for former State employees is an expanded performance objective. Court reporters are probably best tracked through manual systems. Sick leave accounting for uniformed employees of the Fire Department will be addressed by that department.

The more complex computations involved in supplementation of Workers' Compensation and SDI will be handled manually and the concept of establishing a core group of specialists to perform this function should be pursued.

### 3. FLOATING HOLIDAYS

#### a. INTRODUCTION

The Salary Standardization Ordinance for 1981-82 includes in the list of holidays

"...two additional holidays to be taken on days selected by the employee subject to the approval of the appointing officer."

A new ordinance is passed each year; however, we will assume for purposes of payroll/personnel requirements that this provision will remain in future year's ordinances.

The objectives of the new automated system are:

To record the award of floating holidays to eligible employees each year.

To reduce the floating holiday balance as floating holidays are used and at year-end.

Because of the unique scheduling requirements for uniformed employees of the Fire Department, tracking of their floating holidays will be handled at the department and not by the Payroll/Personnel System.

b. FUNCTIONAL REQUIREMENTS

Floating holiday tracking involves four functions:

- o Distinguish between employees who receive floating holidays and those who do not.
  - o Award floating holidays.
  - o Record use of floating holidays.
  - o Reduce floating holiday balance to zero at fiscal year end.
- (1) Distinguish between employees who receive floating holidays and those who do not.

All employees are eligible for floating holidays except:

Part-time employees who work less than twenty hours in a biweekly pay period

Part-time as needed employees working irregular schedules

Elected officials

Members of Boards and Commissions

Judges.

(2) Award floating holidays.

Two floating holidays are awarded to each eligible employee at the beginning of the fiscal year.

Permanent Employees.

An employee who has permanent status on July 1 has two floating holidays available as of that date.

An employee who attains permanent status after July 1 has two floating holidays available as of the date he or she becomes permanent.

Temporary Employees.

A temporary employee is eligible to two floating holidays as of July 1 provided that the employee has completed six months continuous service.

An employee who has not completed six months continuous service as of July 1 becomes eligible to use floating holidays on his or her six-month anniversary date.

Amount of award.

The Payroll/Personnel system will compute the floating holiday balance in days. The value of a day will be 1/10th of the employee's regular work schedule.

(3) Record use of floating holidays.

The number of hours reported as Floating Holiday on the time-reporting document should equal 1/10th (or 2/10ths if two days are used) of the employee's regular work schedule. For a regular, full-time employee this would be 8 (or 16) hours. Such a report of usage would cause the floating holiday balance to be reduced by one day for each eight hours used. This method will permit maintenance of correct balances even if an employee changes work schedules. Ability to adjust the balance manually to deal with exceptional circumstances is, of course, a necessity.

(4) Reduce floating holiday balance to zero at fiscal year end.

Any unused floating holiday time at the close of business on June 30 is lost. Floating holiday balances should be reset to zero at this time.

c. DATA REQUIREMENTS

As with leave accounting for vacation and sick leave, keeping track of floating holidays is dependent on accurate reporting of hours. Data elements needed to track floating holidays are:

- Employee Type (uniformed, elected official, member of board or commission, judge, court reporter)
- Employee Status (permanent, temporary)
- Start Work Date
- Paid Hours



- Hours Type Code
- Floating Holiday Balance
- Floating Holidays Used This Year
- Department Number
- Employee's Regular Work Schedule

d. REPORTING REQUIREMENTS

The reports needed for floating holiday accounting include the following:

Exception/Error Report

Invalid conditions such as floating holidays taken by ineligible employees or in excess of the balance available should be reflected on error reports. Presumably these will be the same reports that reflect other errors in time reporting.

Current Floating Holiday Balance

Knowledge of an employee's current floating holiday balance is important to the employee, to departmental timekeepers, and to the central payroll/personnel office.

A possible way to report to the employee is to print the balance on the employee's pay stub. If this is not practical due to space limitations or for other reasons, alternative reporting mechanisms can be used.

For timekeepers and central payroll/personnel staff, a consolidated leave report giving floating holiday balances along with vacation and sick pay balances would support audits of time reporting documents and research purposes. This report should be in order by employee within department.

#### Report of Floating Holidays Lost

Unused floating holidays are lost once a year on June 30. This report could advise departments of the employees who lost floating holidays and the amount lost.

#### Hours History

All floating holiday usage should be recorded in the hours history file.

#### e. CONSTRAINTS

The award and usage of floating holidays is governed by the provisions of the annual Salary Standardization Ordinance and, hence, may be somewhat more subject to change than other leave provisions.

A complete audit trail of floating holidays awarded and used through the reports described above will enable the City to demonstrate the correctness of floating holiday balances.

#### f. IMPLEMENTATION PRIORITIES

Reporting Floating Holiday usage and accumulating it on an annual basis is a basic system requirement. The other three functions - deciding who is eligible, awarding holidays and reducing balances to zero at year-end - are expanded performance objectives.

#### 4. COMPENSATORY TIME OFF

##### a. INTRODUCTION

The Salary Standardization Ordinance provides that "appointing officers may require employees to work longer than the normal work day or longer than the normal work week". Time so worked is deemed to be overtime and is compensated at one and one-half times the base hourly rate.

Employees in classes designated with a "Z" in the Annual Salary Ordinance are not eligible for pay for the extra hours worked but may be granted compensatory time off at the rate of one and one-half times the time worked.

Employees in other (Non-Z) classes are paid in salary for overtime worked unless they elect to receive compensatory time off and the request is approved by the appointing officer.

The ordinance provides that employees who are unable to use their compensatory time off within certain time limits may be paid for the unused amounts. Further, many departments follow guidelines issued by the Mayor's office setting limits on the amount of compensatory time off that can be accumulated and that can be carried forward to a new fiscal year.

The Payroll/Personnel System will not attempt to automatically determine pay or set limits on the accumulation of compensatory time off, but it will provide capabilities to the departments which will enable them to manage these balances.

The objectives of the new automated system are:

To record and accumulate compensatory time off as it is earned.

To record and accumulate compensatory time off that is used.

To process adjustment transactions submitted by the departments.

b. FUNCTIONAL REQUIREMENTS

Compensatory time accounting involves three functions:

- o Record earning of compensatory time.
- o Record usage of compensatory time.
- o Process adjustment transactions.

(1) Record Earning of Compensatory Time

The system should accept time reports of compensatory time earned as a type of unpaid hours, multiply the number of hours by 1.5, and add the result to the year-to-date and life-to-date compensatory time earned balances.

(2) Record Usage of Compensatory Time.

The system should accept time reports of compensatory time used as a type of paid hours and add the number of hours to the year-to-date and life-to-date used balances.

(3) Process Adjustment Transactions.

The system should accept adjustment transactions from departmental timekeepers or personnel officers. These can be used to reset the balances following pay-offs for or loss of unused compensatory time.

c. DATA REQUIREMENTS

The following data elements are need to record compensatory time usage:

- Paid hours
- Unpaid hours
- Hours Type Code
- Compensatory Time Earned - Year-to-date
- Compensatory Time Earned - Life-to-date
- Compensatory Time Used - Year-to-date
- Compensatory Time Used - Life-to-date

d. REPORTING REQUIREMENTS

Departmental Compensatory Time Report

The system should produce, each pay period, a report by department showing for each employee the amount of compensatory time earned and used in the past pay period, any adjustments processed in the past pay period, and year-to-date and life-to-date balances.

e. CONSTRAINTS

Compensatory time off is regulated by provisions of the Salary Standardization Ordinance and policies of the appointing officers.

f. IMPLEMENTATION PRIORITIES

Recording, accumulating, and reporting compensatory time earned and used is a basic requirement of the payroll system. The payroll system will perform no other functions in relation to compensatory time.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

## G. PAYROLL/PERSONNEL SYSTEM HISTORICAL DATA

### 1. NEEDS FOR HISTORICAL DATA

The City's operating departments, the Controller's Payroll Division, Civil Service, Employee Relations, and the Retirement System all have recurring needs for payroll and personnel historical data. Although specific needs vary from one organization to another, we have identified the basic functions which require the use of detailed historical information.

#### a. DETERMINING EMPLOYEE SENIORITY

Seniority refers to an employee's length of service in each classification held. Seniority status is used to process departmental and City-wide lay-offs and reinstatements. Occasionally a department uses employee seniority to determine vacation schedules. To determine seniority properly, the payroll/personnel system must track appointments, certification dates, departments where employed, and employee status.

#### b. RETROACTIVE PAY CALCULATION

The City can be required by court decision to issue additional retroactive pay to specified groups of employees. The time period for which additional pay is due may be a year or more in the past. To project the costs of retroactive pay agreements and to calculate the payments to employees, the system must maintain a detailed hours paid and earnings history for each employee. Additional information used to process retroactive payments includes rate-of-pay, classification, pay period dates, retirement plan rates in effect at the time, department where employed and employee status.



c. RESPONDING TO COURT SUBPOENAS

Court demands for information require the payroll/personnel system to maintain a detailed history of hours paid and earnings by pay period, rate-of-pay, department where employed and length of employment.

d. RESPONDING TO EMPLOYEE QUESTIONS

Employees often question the calculation of earnings and deductions or the balances shown for sick and vacation leave. Answering these questions again requires the system to maintain a detailed hours and earnings history.

e. AWARDING MERITORIOUS SERVICE POINTS

As part of the City's examination process, Civil Service may award additional points to an applicant based on satisfactory service in applicable classes. Supporting this function requires a history of employee classifications with certification dates.

f. VERIFYING EMPLOYEE CLAIMS OF WORK EXPERIENCE

Maintaining a history of employee classifications with dates of certification, and possibly records of outside employment, will support this examination function.

g. PROCESSING PAYCHECK CANCELLATIONS

This function is a common one requiring the system to maintain a detailed employee payment history.

h. INVESTIGATING RETIREMENT SERVICE CREDIT

To determine service credit properly, the Retirement system must have access to detailed records of earnings, hours paid and not paid, employee status and leaves of absence.

i. PAYROLL ANALYSIS

Any payroll calculation or accumulation may have to be investigated, explained, or reconciled to data appearing in other systems or on reports.

j. PROCESSING REAPPOINTMENTS FOLLOWING RESIGNATION

Civil Service rules provide for the reappointment of an individual following separation from City employment. To support this function the system must maintain essential employee information for at least two years after a separation. Essential information includes separation effective date, separation reason, classification, certification date, sick and vacation anniversary date, and employee status at time of separation.

k. POSITION CONTROL

For each position, Civil Service must know the original date of classification and all subsequent reclassification dates.

2. CURRENT CAPABILITIES FOR PAYROLL/PERSONNEL HISTORICAL DATA

The current payroll and personnel process provides no uniformity in the type of information collected for historical purposes, the format in which information is displayed or the method of storage. Nor is comprehensive information available at a central location.

The timeroll and payroll are the primary source documents for detailed paid hours and earnings history. These documents also contain a wide variety of personnel, payroll adjustment, accounting and deduction information. The historical record consists of volumes of timerolls and payrolls bound together by department and pay period and then stored in various locations. Although the Retirement System is the official custodian of timerolls and payrolls, copies of these documents are also stored by the Controller's Payroll Division and by most City departments for varying lengths of time.

Because of the way detailed information is arranged on these paper documents and the manner of storage, retrieval of information is very time-consuming, costly and tedious. And because of the large volume of paper documents which must be first processed and then grouped for storage, there is always the possibility that documents are lost or misfiled.

Most paid absence and personnel information is collected and stored on card files or in employee folders. Each department chooses the information it wishes to collect and develops its own method of storing it. As a result we find among City departments an endless variety of card files, other paper documents, and employee personnel folders. The accuracy and completeness of this information must be determined on a department-by-department basis. Within any department, the quality of record keeping spanning an extended period of time can vary.

Civil Service maintains its own manual records of paid absences and various employee data and thus duplicates much of the record keeping performed by departments. Again, the manual posting of information to card files results in records lacking uniformity and varying in degree of accuracy and completeness.

Retrieving information is a tedious process of determining where the information is stored, searching through card files or folders and recording results. Certain information may not exist at all, other information may be incomplete, and comparisons of records kept by departments and Civil Service often reveal discrepancies.

### 3. GENERAL REQUIREMENTS FOR PAYROLL/PERSONNEL HISTORICAL DATA

The selection of data to be preserved as history must be determined by the payroll and personnel functions which require the use of history. Relating data to functions limits the costs of maintaining historical information while ensuring that necessary data will be available when needed.

Information stored by the system must be complete and accurate. To ensure completeness, the system must provide the means for collecting necessary employee information and alerting the users when that data is missing. Accuracy of data requires validation of data during data entry and system processing, and human review of data after it has been placed on the system's masterfile.

To simplify locating historical information, and expedite reporting it, payroll/personnel historical data must be controlled and stored at a central location.

Payroll/Personnel historical data must be accessible to users on a timely basis.

To simplify retrieval and use of historical information, the system must be able to display or report information selectively and in a format suitable to the user.

### 4. RETENTION OF RECORDS

After the end of each pay period, all time input documents will be delivered to the Retirement System for permanent storage.

A complete earnings register will be delivered each pay period to the Retirement System for permanent storage.

The Payroll/Personnel System will accumulate, by employee, year-to-date balances of paid and unpaid hours by hours type, earnings by earnings category, mandatory and voluntary deductions by deduction category, and net pay. Calendar year-to-date totals will be retained as history.

The system will maintain a detailed employee payment history file to record the details of each pay period's payments during the calendar year. Annual payment histories will be retained permanently.

The system will record separately each change to employee-level personnel data and personnel dates as specified by Civil Service and the Personnel Task Force. These changes will be recorded on career-to-date basis.

For separated employees, the payroll/personnel system will inactivate the employee on the effective date of separation.

All employee data on the masterfile will be retained for six months or through the end of the calendar year, whichever period is longer. At the end of this retention period, employee records will be removed from the main masterfile and stored permanently on the history file.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

IV. PAYROLL/PERSONNEL OPERATIONS

## A. INTRODUCTION

The implementation of a consolidated payroll/personnel system will have a significant impact on operations management and processing procedures. The nature of the new system suggests a need for some form of organizational consolidation among the Controller's Payroll Division, Civil Service Timeroll Audit, and those units of the Retirement and Health Services Systems which are most directly dependent on payroll/personnel processing. The Payroll Director, in conjunction with the senior management of Civil Service, Retirement System, and Health Service System, will develop such an organizational plan and present it at a later date.

Most of the payroll and personnel processing is performed manually. Processing functions are tedious and costly; productivity is difficult to control; and errors often go undetected for long periods of time. A modern payroll/personnel system will automate many processing activities. By doing so, Payroll/Personnel Operations will be able to shift its emphasis to reviewing and controlling information flowing into the system; processing changes to master file data much more rapidly; using the system's data validation tools to detect and correct errors as they occur; developing special reports for users; and raising the level and quality of support services to departments. Support services consist of on-going training programs for departmental timekeepers and personnel officers, up-grading and maintaining processing procedures, and offering some degree of processing services to small departments which lack a timekeeper and personnel officer.



## B. MAJOR FUNCTIONS

The Payroll/Personnel Services Division which must be developed to support the new system will perform the following major functions:

1. Participate in employee relations negotiations on issues related to payroll/personnel processing and policy.
2. Act as the liaison among the Controller's Office, Civil Service, Retirement System, Health Service System, and Controller's E.D.P. on all payroll matters.
3. Represent the Controller's Office and the Civil Service Commission before all Boards, Commissions, and the City's executive management on all payroll related issues.
4. Maintain the central payroll/personnel data base.
5. Maintain operations manuals and procedures.
6. Prepare training materials and conduct regularly scheduled training programs.
7. Define and maintain work standards.
8. Prepare processing schedules and timetables.
9. Define new functional requirements for E.D.P.
10. Provide pick-up and delivery services to all departments for payroll/personnel input, reports and warrants.

11. Perform mass changes to payroll/personnel data.
12. Audit and control the input of pay data to the system.
13. Prepare payroll tax data and tax returns to State and Federal agencies.
14. Prepare specifications for custom reports of payroll/personnel data.
15. Set priorities for E.D.P. Payroll Programming staff.
16. Provide pay data to support processing of S.D.I. and S.U.I. claims.
17. Issue W-2's.
18. Audit and control the input of all personnel information to the system.
19. Audit and adjust vacation leave and sick leave balances as necessary.
20. Perform mass changes to employee pay rates.
21. Counsel new employees on Retirement Plan benefits.
22. Counsel employees on Deferred Compensation Program benefits and coordinate program with vendor.
23. Perform mass changes to Retirement plan contribution rates.
24. Counsel new employees on health care plan benefits.
25. Perform mass changes to health care plan deduction rates.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on  
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Please return all comments by April 30, 1982.

V. DATA PROCESSING/TECHNICAL REQUIREMENTS

## A. OVERVIEW OF DATA PROCESSING ENVIRONMENT

Organizationally the central data processing center is a division of the Controller's Office. It is physically located in the basement of City Hall with programming offices at 240 Van Ness Avenue, San Francisco General Hospital and 625 Polk Street.

The explosion of interest in computer and word processing systems and increasing sophistication in the potential of such systems has occurred at the City as well as throughout government, business, and industry. This has led to mushrooming of decentralized and sometimes special-purpose computer systems installed in various departments throughout the City, independent of one another and often of the central system as well. There is a growing recognition of the need to coordinate such efforts to achieve maximum benefits from the dollars expended.

In light of the diversity of distributed hardware in those departments which have computing capabilities and the lack of a centralized policy formulation authority to guide such installations, it appears that the wisest course for a payroll/personnel system is to operate around the capabilities of the central data processing center. This leaves open the possibilities of online entry of data via terminals as well as possible submission of data via electronic media assuming that security and reliability can be assured and standards of the central system can be met.

The central data processing center is embarking on major efforts to improve its organizational structure, update standards and procedures, install a project control system, and achieve related objectives. Since some of these efforts will be reaching fruition at about the same time that the payroll system is implemented - rather than during the period of its development - the system will not be shaped by the standards in force at the time of its implementation. This is recognized by data processing and the developers. Interim standards can be based on the requirements listed below. However, reasonable allowance should be made for this in establishing turnover criteria.

The central data processing center is equipped with two IBM 370/158's with Attached Processors (AP). One of the 158's is currently being replaced by a 4341 Model Group 2 with the second being replaced on approximately July 1, 1982. Each 4341 will have 12 megabytes (million characters) of storage in contrast to eight megabytes for each of the 370's. The change in hardware is not expected to make an appreciable difference in throughput. Since the new 4341's are physically smaller, take less power and generate less heat, they help alleviate three of the problems facing operations management - space, power and air conditioning. A major improvement in the power supply will be achieved when Pacific Gas and Electric and the Department of Public Works complete installation of a transformer and bring additional power in to City Hall. An additional air conditioning unit is also being added to the computer room.

Presently four teleprocessing monitors are running on the systems:

- CICS - a very widely used control program for teleprocessing functions.
  
- FASTER - an earlier teleprocessing monitor; being phased out this spring.
  
- CABLE - Computer-Assisted Bay Area Law Enforcement; provides teleprocessing support for law enforcement agencies.
  
- TSO - Time Sharing Option; supports program development and execution online.

The teleprocessing network utilizes features of IBM's System Network Architecture (SNA). The network supports about 350 terminals of which about 110 use CICS, about 75 use TSO and about 140 are for CABLE. The CICS terminals are distributed through about a dozen of the City's 61 departments. The terminals used are principally 327X-type devices.

Reliability of the systems in 1981 was excellent with CICS available on average 98.7% of the time with monthly averages ranging from 97.7% to 99.6%. TSO averaged 98.6% with monthly averages ranging from 97.8 to 99.2%.

The center presently has ten Storage Technology Corporation (STC) dual density 6250/1600 bpi (bytes per inch) tape drives and two 1600/800 bpi drives. Demand for tape drives is heavy during production shifts. The installation has installed 46 Control Data 3650 disk drives each capable of storing 630 million characters of information. Newer disk drives coming on the market (such as IBM's 3380's) would double the storage capacity along with using less power, generating less heat, and occupying no more space than the present drives.

The installation has two impact printers (IBM 3211's) and one 3800 high-speed laser printer. The laser printer has capabilities to create special forms while it prints data, to modify the print font, to reproduce logos and other graphics, and other features which may be useful in a payroll application.

A Kodak Komstar 200 computer-output microfiche system operates as an output device of the computer. It produces original fiche only. Much of the City's microfiche is processed through a service bureau which produces both originals and copies.

The Optical Business Machines (OBM) Laser OCR-TWO optical scanner reads OCR print characters (OCR-A and OCR-B), mark sense, and, optionally, numeric handprint characters, certain MICR characters, and matrix and 1403 numerics. A CRT screen displays documents as they are read and displays unrecognizable characters so they may be entered by the operator.

Data entry is performed on two CMC 1800 data entry systems with a total of 22 key stations. Each 1800 can support up to 64 key stations. The systems offer extensive formatting, editing, and balancing capabilities.

In the following page is a summary of the major equipment installed at the central data processing center.

DEVICES	NO	MAKE	MODEL	DESCRIPTION
CPU	1	IBM	4341MG2	Central Processing Unit with eight megabytes of storage; will be 12 MB
CPU	2	IBM	370/158AP	Central Processing Unit with six megabytes of storage
Additional Storage	2	CDC	33158	Additional core storage. Two megabytes per system.
Card Reader	1	IBM	2501	Card Reader
Card Reader	1	IBM	3505	High-speed Card Reader
Card Punch	1	IBM	3525	Card Punch/Printer
Printers	2	IBM	3211	Impact Printers
Printer	1	IBM	3800	Laser Printer
Communication	2	IBM	3705	Communication Controller Controller for teleprocessing
Disk Drives	31	CDC	3650-B2	With movable read/write heads
Disk Drives	15	CDC	3650-A2	Same with addition of fixed head
Tape Drives	10	STC	3670	Dual Density 6250/1600 bpi
Tape Drives	2	STC	3470	Dual Density 1600/800 bpi
Computer Output	1	Kodak	200	Microfiche producing Microfiche device
Data Entry System	2	CMC	1800	Data Entry System



## B. PROGRAM CODE REQUIREMENTS

Programs should be written in 1974 ANSI COBOL.

Program code should be structured following modern principles of program design. It should be highly readable and characterized by meaningful paragraph and data names. Paragraph names should begin with unique, sequential numbers.

File accesses should be efficiently designed for a high volume environment.

All source code should be available.

The system should have been originally written for an IBM/MVS environment.

Programs should utilize COPY clauses or other techniques for maintaining standard file descriptions.

The system should support VSAM for major files.

The system should be designed around a common payroll/personnel master file.

The system should permit addition of user-defined fields to the master file preferably without reprogramming or a master file conversion. Ample space for this should be available.

The system should support a separate history file or files.

Tables should be external to the programs and maintainable with online transactions.

Numeric data items used in arithmetic computations should be defined as COMP (binary) or COMP-3 (packed decimal) rather than DISPLAY format to prevent wasted CPU time converting the data.

COMP and COMP-3 fields should be signed to avoid generation of extra instructions to strip signs. COMP-3 fields should contain an odd number of digits.

Fields used as subscripts should have usage of COMP.

Indexing should be used in preference to subscripting except in those limited cases where subscripting is actually more efficient.

All files should be opened with a single OPEN instruction to avoid overhead associated with repeated accessing of the OPEN subroutine.

Table search routines should be optimized by using specific table sizes and appropriate search routines (i. e. sequential search for smaller tables versus binary SEARCH ALL of larger sorted tables).

COBOL segmentation features are to be avoided.

The COBOL report writer is to be avoided.

Complete and correct Job Control Language statements appropriate to the City's hardware/software environment should be provided for execution of all programs.

Blanks should not be used by the system as codes; in other words, blanks should not be used to represent information but rather the absence of information.

### C. FLEXIBILITY AND MAINTENANCE

The system should have been designed and written as a generalized system for the express purpose of marketing it.

The system should contain appropriately placed user exits to accomodate areas of unique local requirements such as vacation and sick leave accruals.

The system should make extensive use of tables for the following types of characteristics:

- data element definition

- editing criteria

- taxes

- deductions

- deduction rates

- hours types

- earnings types

- control parameters and dates

- job classes

- fund descriptions

- position control data.

System features should facilitate annual changes to salary, Health Service rates by plan, and Retirement rates by plan.

The system should permit separate control of dates, e.g., warrant date, report date, current date, pay period end date, etc.

Documentation provided with the system should be clear, concise, complete, well-organized and easy to use.

The system should include a full-capability report generator designed for ease of use by non-data processing personnel. The report generator should have calculation capabilities, full "and/or" logic, and should be able to produce output on tape, card or disk as well as reports.

Online, real-time use of the report generator, if supported, should be controlled so as not to result in system degradation.

Documentation should include file layouts, detailed data description or data dictionaries, edit criteria, program abstracts, and report descriptions. It should show the interrelationships between programs, and between programs and files through job flow diagrams or other means.

A "test company" should be built containing a cross-section of City employee situations and used to test the software at installation and after maintenance changes.

A complete "vanilla" version of the vendor's software should be maintained in parallel to the production system to assist in isolating the source of "bugs".

Any extensions or adaptations of the payroll software to local requirements should be accomplished without modification to the software itself to the maximum degree that this is possible.

The vendor should offer a maintenance service which includes federal and California tax and regulatory changes, functional and technical enhancements, correction of errors, documentation revisions, form changes and telephone assistance during appropriate hours.

Maintenance should consist of actual source code changes, not merely a newsletter describing the changes in general terms.

Changes which must be made to the vendor-supplied software should be clearly identified as follows:

"Delete" lines should remain in the program as comments (by entering an asterisk in column 7). "Changed" lines should also remain in the program in their original form as comments along with the new lines. All lines which are added, deleted, or changed should contain, in columns 73-80, the date of the change and a change number which will connect the lines of code with an explanation of the reason for change in a change manual.

Vendor techniques for applying maintenance updates should be logical and straightforward. Naming conventions for source and object modules should be consistent and meaningful.

Vendor's records of delivering updates with sufficient lead time for implementation should be considered during software evaluation.

Vendor's response time in case of problems should also be considered.

The system should be modifiable without violation of the warranty.

The software license should permit movement of the system to other hardware (in the event of an equipment upgrade), to another operating system, or to another address (in the event that the computer center relocates), and should permit fully distributed use of the system via remote terminals or RJE stations at any City office no matter where located without such use being construed as an additional use of the system.

The software license should permit operation of the system on any of the computers at the central data center and the preparation and offsite storage of backup copies of the system without such activities being construed as an additional use of the system.

The system should support use of a nine-digit zip code.

The system should support a flexible distribution code (independent of any organization code) to facilitate distribution of checks, as well as ballots for employee elections, charitable deduction canvassing and other approved purposes as may arise.

#### D. ONLINE SYSTEM REQUIREMENTS

The online system should operate under CICS and support 327X-type terminals.

It should provide security by terminal, by operator, by inquiry, and by level of access (inquiry, data entry, file update). It should offer control of access at the data element level. It should be possible to restrict access by department.

The system should provide real-time update for master file changes or a fully transparent equivalent.

Ideally, the system should offer screen generating capabilities.

Application code for the online programs should be in CICS command level COBOL.

The system should provide a complete audit trail of all online transactions with time and date stamps, and operator and terminal ID's appended to each transaction.

The design approach should tend to optimize quick response time with a goal of three to five second response.

The on-line system should perform full editing, including validation against the master file.

Screen design should follow a menu-driven approach. Features such as program function keys, bright intensity characters, flashing data fields, color attributes, etc., should be used to advantage.

Terms or abbreviations other than those in general usage should not appear on screens.

Terminal operators should be assigned identification numbers and passwords which are changed periodically under control of the Payroll Director.

Terminals used for Payroll/Personnel activity should be located in areas with restricted access and be equipped with key locking devices.

Screens for occasional users should contain fully spelled out words rather than abbreviations and should be laid out with regard to appearance and legibility.

Screens for high volume users should permit maximum entry of data per screen (necessitating more abbreviations) and limit the number of menu levels that need to be stepped through repeatedly.

Dynamic recovery for online files is required and should be invisible to the applications programs. That is if a systems failure occurs while an update transaction is in process, all records affected by the update transactions should automatically be restored by the systems software to their pre-update condition when the system next comes up.

Terminals used for payroll should be taken off-line after regular working hours unless the express written permission of the Payroll Director is obtained for specific terminals.

Programs supporting online portions of the system should be written with the same regard for flexibility and maintainability as batch programs including use of tables, user exits, etc.

HELP functions should be designed into the system and should be "one key-stroke away."



#### E. SECURITY AND PRIVACY

The system should provide means to prevent unauthorized access or modification to files including, if necessary, encryption of keys and of financial data.

Security of program code should be insured through control of production libraries. All changes should be reviewed by an independent "quality assurance" function prior to being added to the production libraries.

A statement of policy from the Payroll Director shall determine who shall have access to what data and under what conditions.

Data of a highly sensitive nature as defined in the policy statement on security and privacy will not be recorded by the system.

Access to critical system tables should be restricted by the system to authorized persons. Comprehensive edits should be applied to all changes to these tables. A full audit trail of such changes should be produced.

Prior to implementation, roll-forward recovery techniques should be established for recovering files up to the point of loss. The procedures should contain built in controls to establish the correctness of the recovery.

The software license agreement shall explicitly indicate that the City has full and exclusive ownership rights to all data associated with use of the system.

## F. INPUT/OUTPUT

The presumption is that user output will be produced on microfiche or magnetic tape. Use of paper in each case will need justification.

Punched card processing should be totally eliminated.

All tab machine processing will be eliminated.

All tapes will contain Standard Labels. Only tapes being sent to other installations will be exempted and only when that installation cannot process or bypass standards labels.

All tapes will have explicit retention periods specified on creation in the JCL. These should be based on set periods of time rather than generations.

Reports should contain meaningful identifying information in the heading including a report ID number, name of the program producing the report, program version, a standard system heading, e.g., "CCSF PAYROLL PERSONNEL SYSTEM," a fully descriptive report title, run date, effective date if other than the run date, and page number.

Physical custody of warrant stock should, if at all possible, be under control of the central payroll/personnel office and provided to EDP as needed with reconciliation performed regularly.

The signing of warrants should be done in conjunction with other functions --either printing or bursting -- rather than as a separate operation. It should be done as late in the production cycle as possible. Performance of the bursting and signing functions in the payroll/personnel office should be considered. This would permit turnover of warrants to the user while still in continuous form and could greatly facilitate good control over warrant stock.

All warrants must be accounted for, preferably on the warrant register, including voids, alignment "leaders", waste from erroneous runs, and warrants destroyed due to mechanical failures or accidents. The system should be able to transmit information regarding these to the Controller's Outstanding Warrant (COW) System or its successor.

If the necessary security precautions can be built into the system, computer operations should have the ability to assign warrant serial numbers during the actual printing of warrants rather than in advance as is presently done. This requires that the warrant register be printed after the warrants in order to include the warrant serial number actually assigned. The advantage of this approach is that a complete job rerun is not necessary when a group of warrants are accidentally rendered unusable through mechanical failure or from other causes.

The recipient of every report produced by the system should be centrally known and recorded to facilitate distribution as well as to make possible monitoring of the system to eliminate needless reports.

## G. OPERATIONS REQUIREMENTS

The system should run on an IBM 370/158 and on an IBM 4341-MG2.

The system should run under MVS/SP1, MVS/SE1 Release 3.8, and successor operating systems.

It should be possible to process all steps in the payroll cycle (except printing) for all employees in no more than three to four hours. Run times for processing comparable volumes should be established during the software selection phase.

The system should not require operator intervention to enter dates or parameters.

Console messages to operators should be used only when absolutely necessary and not to report program initiation or termination, data exceptions, or other routine error conditions.

Programs should abort with a numbered and documented user ABEND code after displaying messages to the printer and console when an unrecoverable error is detected by the program logic. This can prevent erroneous execution of subsequent jobs dependent on the aborting job.

The system should not require that "control cards" (containing dates and control parameters) be prepared by job set-up. Other means for generating them should be established such as via a specially-designed program or through a user-maintained table.

No more than four (and normally no more than three) tape drives should be required simultaneously as jobs execute.

For printing of special forms, including warrants, the system should format dummy records at the start of each file to allow for alignment.

Jobs should be structured defensively; that is, they should require the absolute minimum amount of human intervention under any circumstances (including reruns and restarts).

Jobs should be designed so they can be restarted without changing JCL or restart parameters.

Jobs should contain as many steps as necessary to insure correct order of execution, that is, where one step must complete before the next begins, the two steps should be in the same job. Use of this technique must be weighed against exposure to risk factors as job elapsed time increases. As run time approaches two hours, risks of a possible failure begin to outweigh the advantages of controlling execution sequence. In long-running jobs, re-start points should be established at reasonable intervals.

Jobs should be designed to use control files for automatic restart control, prevention of unintended reruns, etc.

Balancing and control functions should be performed, to the greatest degree possible, by the central payroll/personnel office, not by data processing. All data errors should be corrected by the central payroll/personnel office as well.

#### H. DATA ENTRY REQUIREMENTS

Documents intended for use as data entry source documents should adhere to the following general characteristics:

Operators should be able to key what they see. They must not be required to contact users for interpretation of unclear data or to supply missing data. Operators must not be required to do any coding of data or calculations.

Steps should be taken to ensure that documents are legible. Appropriate user training at conversion and on an ongoing basis should address the importance of this and specific ways to improve legibility. The flow of documents should be such that they are reviewed by a person other than the originator before being sent to data entry.

Letters I, O, S and Z should be avoided when setting up codes for mixed alphanumeric fields since they are too easily confused with 1, 0, 5, and 2.

Batch size limits should be planned in consultation with the data entry supervisors. Documents with heavy keying requirements work best in batches of no more than 25-50. Documents with little keying are best batched at around 100. This permits effective distribution of the work among operators.

If it is necessary to distinguish zeroes from alpha O's in mixed alphanumeric keying, a slash should be made through the zeroes, not the O's.

The preferred background color for data entry source documents is light blue rather than green, red, brown, etc.

The document should clearly indicate the number of characters permitted in each data field through half-tone markings or ticks so that it is not necessary for operators to make decisions about abbreviations or truncation.

Batch transmittal sheets should contain a unique identifying number, document count, totals to be used in batch balancing, and the signature of the preparer.

All data entry work will be designed for key-to-disk equipment. No key punching will be done.

All work will be verified.

## I. BACKUP AND RECOVERY

Several levels of recovery need to be addressed:

<u>Level</u>	<u>Situation</u>
1.	Loss of a part of the application system itself, i.e., a file, a program, online capability, etc.
2.	Loss of a particular piece of equipment (e.g., laser printer) especially one performing mechanical operations.
3.	Loss of the computer center due to localized disaster such as fire, flood, etc.
4.	Area-wide disaster affecting many City operations such as an earthquake.

The effort, expense and degree of coordination required increases as one proceeds from Level 1 to Level 4.

The Payroll/Personnel System development effort will include full provisions for Level 1 backup. Files will be backed up through retention of copies of earlier generations and of update transactions, duplication of tape and disk files and offsite storage of copies. Multiple copies of documentation and backup copies of program libraries and job control statements will be maintained. Methods for batch submissions of data normally to be entered online will be developed.



In cooperation with the disaster recovery planning function of EDP, the development will reflect provisions for Level 2, 3 and 4 recovery to the maximum degree practical. Ultimately, this implies making the payroll system 100% portable (except for online capabilities) so that, in the event of disaster, it can be operated on very short notice (24 hours) at an alternate computer facility.

In selecting equipment or software to support payroll/personnel, functions, consideration should be given to ramifications for backup provisions.

Software licenses should specifically permit alternate site operation in event of a disaster.

A data retention policy approved by the Payroll Director will form the basis for establishing normal file retention periods and for disaster recovery -- both in terms of supporting the recovery and in being preserved by the backup provisions.

## J. PHYSICAL REQUIREMENTS

Due to the lack of storage areas for forms near the computer center, warehouse storage should be secured for any high volume forms that the system may require (such as employee turnaround documents, personnel action forms, time sheets, etc.). Alternatively, special forms should be avoided where the capabilities of the laser printer can produce the form as it prints the data using stock computer paper. This also localizes any security problems which might stem from unauthorized use of payroll forms.

At present, the data processing center lacks office space to house additional systems programming or applications programming staff. Should the new Payroll/Personnel System require additions to either of these staffs, the problem of office space may need to be confronted.

Although the computer room is small (50' X 200'), the compact size of the newer computer mainframes and the greater capacity of new disk storage equipment, suggest that space will be adequate for the next few years to allow for disk storage to hold reasonably large payroll files. However, there is little margin here and the situation should be regularly monitored. Estimates of disk storage requirements, along with other processing requirements, should be made as early as they meaningfully can be, especially for payroll and personnel history files that may be kept online.

In order for the central payroll/personnel office to assume responsibility for the physical security of warrants, a vault or other secure storage space of adequate size is needed in an area where it can be conveniently controlled by that office.

## K. DOCUMENTATION REQUIREMENTS

The following types of documentation should be expected from the software vendor:

### Installation Procedure

The Installation Procedure is a step-by-step manual describing how to load the vendor's programs to the City's computers.

### User Documentation

The User Documentation provided by the vendor will form the basis for the City's User Manual. It should be functionally organized, be written in simple language, avoid the use of jargon, make good use of pictures and graphics to convey information, use color to improve readability, and provide plentiful examples. It should be printed and bound using durable materials that will stand up to frequent use. Updates to the User Documentation should be included under the maintenance contract.

### Error Message Manual

All error messages produced by the system should be numbered and should correspond to explanations in the Error Message Manual addressing possible causes and corrective action for each error message.

## Training Materials

Vendor-supplied training manuals, cassette tapes, worksheets, case studies, etc., should form the basis for preparation of the City's payroll/personnel training materials.

## System Documentation

The System Documentation should provide an overall view of the system architecture, what programs are executed, the relationships between programs and files, processing cycles, and subsystem architecture.

## Program Documentation

Program Documentation should provide, for every program in the system, a detailed description of the input and output files (including file layouts), descriptions of the functions performed, and the relationship of the program to other programs in the system.

## Online System Documentation

In addition to the program documentation as described above, online programs should have the following documentation: screen layouts, screen flow diagrams, BMAP's or equivalent detailed screen specifications, JCL required to access files under CICS, data necessary for establishing CICS tables, and full documentation on the architecture and use of the vendor's screen generating facility, if the vendor provides one.

## Operations Documentation

The vendor-supplied Operations Documentation should cover the JCL required to execute all programs within the system, suggested tape and disk configurations, space requirements per n records, carriage control parameters for reports, file initialization requirements, parameter card specifications, and any other information necessary for proper execution.

### Test Procedure

The Test Procedure should describe the steps necessary to execute the system against a standard City test file.

### Maintenance Procedure

The Maintenance Procedure should describe the steps necessary to apply the updates provided by the vendor to the user's copy of the source code.

\* \* \* \* \*

The following documentation must take into account unique features of the City and hence must be prepared locally:

### User Manual

The User Manual tailored to the City's requirements should have the same virtues as described for User Documentation above and, in addition, take into account the City's special processing needs. It will be divided into a departmental timekeeper's and personnel officer's manual and a central payroll/personnel procedures manual.

## Training Manual

The City training manual should tailor the vendor-provided training materials to the specific needs of the City. It should serve for initial training during conversion and for ongoing training as new employees assume duties in the area of payroll/personnel.

## Quick Desk-Top Reference

A digest of most commonly needed instructions, codes and other reference data will be prepared in the form of a small, easy to use booklet.

## Operations (Run) Documentation

Operations Documentation will be prepared in accord with the data processing center's standards in effect at the time of preparation.

## Backup/Recovery Procedures

Backup and Recovery Procedures will be prepared for Level 1 disasters (as discussed under Backup and Recovery, above).

## Disaster Recovery Plan

The payroll/personnel development team will cooperate with the data processing center to the maximum degree feasible in establishing a full Disaster Recovery Plan.

## Change Control Procedure

The Change Control procedure will cover system changes from the point of request through the approval process, assignment to a work unit, acceptance testing, and implementation. It will incorporate controls to insure that only authorized changes are put into production.

## Modification Log

All modifications which must be made to the vendor-supplied software will be recorded in a modification log. The changed lines in the program will contain the date and a change number in positions 73 - 80. The program name and change number will tie the change to an explanation in the Modification Log.

## Additional Programs

Programs which are written to interface the payroll/personnel system to other systems or to extend its capabilities will be written in COBOL, or with the special report generator provided with the software, or using standard installation utilities such as UCANDU, EASYTRIEVE, FDR, etc. System and program documentation as described above will be provided for such programs including file layouts, report layouts, functional descriptions, and relation to other programs.

#### L. TRAINING AND TURNOVER REQUIREMENTS

The vendor should be required to install the system on the City's computers and demonstrate successful operation of the system using test data provided by the City.

Vendor-supplied training at the time of installation should be performed at City offices and should address both user and data processing personnel.

Ongoing vendor-supplied training programs should be available locally, i.e. within 30 miles of City Hall.

Responsibility for the following must be shared between the Payroll/Personnel Services Division and EDP:

Personnel in all areas of data processing operations should be trained in the specific functions they will need to perform as well as the larger context in which they operate. Responsibilities should be clearly defined.

The application programming personnel responsible for further development and maintenance should be thoroughly familiar with the system through a combination of training and participation in the development effort.

The mechanism for controlling all system changes, whether functional or technical, should be clearly documented and in place. That mechanism should govern and control the change process from project initiation through program implementation.



A central mechanism for consolidation and rapid processing of requests for special reports of the kind that lend themselves to use of the special report generator should be established in the central payroll/personnel office.

Standard procedures for problem resolution should be established. These should particularly address problems where a determination must be made as to whether or not the problem is technical in nature.

COMMENTS FORM

To: Jane Irwin, Payroll Director  
Payroll/Personnel Development Project  
Room 2, 1212 Market Street

Date \_\_\_\_\_

Dear Jane:

Please note the following observations and comments on the Payroll/Personnel Requirements document.

Document Section: \_\_\_\_\_

From: \_\_\_\_\_

Department: \_\_\_\_\_

Please return all comments by April 30, 1982.

VI. WORK PLAN AND TIMETABLE FOR NEXT PROJECT PHASE

#### A. EVALUATION OF PAYROLL/PERSONNEL SYSTEM SOFTWARE

As of March 31, 1982, the project staff has completed the first two stages in the software evaluation process. The first stage consisted of a general survey of available software to identify systems generally compatible with our technical environment and needs. Based on general selection criteria, the available software was reduced to eight software packages which merited a more detailed evaluation. The second stage of the process was accomplished by designing a questionnaire covering technical characteristics, functional capabilities, and cost effectiveness. Questions were assigned points to provide scores and allow for ranking. The questionnaire was reviewed with each of the eight software vendors. The responses will be scored and the vendors ranked.

## B. FINAL EVALUATION AND SELECTION OF SOFTWARE

To complete the software selection process the project staff must perform the following tasks and report its results by June 30, 1982:

1. Schedule presentations by vendors to review in detail software characteristics and performance capabilities.
2. Obtain complete system documentation and sample contract from vendors for staff examination.
3. Verify vendor and software performance with vendor clients who have the system in operation.
4. Develop Standards of Software Performance document and submit to software vendors for written response.
5. Evaluate vendor responses:
  - technical features and standards
  - functional capabilities
  - vendor services
  - licensing terms.
6. Determine costs if system modification is necessary to meet Statement of Requirements.
7. Review evaluation documentation and issue recommendation for payroll/personnel software selection.

GLOSSARY

## GLOSSARY

APPOINTMENT	The notification from an appointing officer to the Civil Service Commission indicating his or her selection of an eligible from an approved list of eligibles.
CERTIFICATION	The process by which Civil Service notifies appointing officers of the names of eligible(s) from which appointments can be made to fill positions.
DEPARTMENT NUMBER	The FAMIS department number.
EMPLOYEE	A person working in a classified and legally established position or a certificated employee of the San Francisco Unified School District or the San Francisco Community College District.
EMPLOYEE'S REGULAR WORK SCHEDULE	The number of hours regularly or typically worked by a particular employee in a pay period.
EXCLUSIONS	Functions or capabilities which the new Payroll/Personnel System will not perform or provide.

EXPANDED LABOR CODE	A 19-digit number consisting of a six-digit Index code, a four-digit subobject, a five-digit project and work phase, and two two-character fields for department-defined data. (Also see Labor Code.)
EXPANDED PERFORMANCE OBJECTIVE	Functions and capabilities of the new Payroll/Personnel System which will be features of the system but not necessarily when it is first implemented.
HOLIDAY PAY	Pay for work performed on a holiday; not pay for time off due to a holiday.
LABOR CODE	A 15-digit number consisting of a six-digit Index Code, a four-digit subobject, and a five-digit project and work phase.
OPEN REQUISITION	Approved document to fill a position in which no person is working.
ORAL AUTHORIZATION NUMBER	Number indicating Civil Service Commission authorization for appointing officer to hire.
REQUIREMENT	An essential and mandatory function which the Payroll/Personnel System will perform or accommodate when the system is first implement.
RETIREMENT COVERED GROSS EARNINGS	Employee earnings that are accepted by the Retirement plan for determination of pension benefits and calculation of member and City contributions.



RETIREMENT OVERTIME  
EARNINGS

All current and retroactive payments for services performed outside of the normal work schedule. Includes earnings for overtime pay (paid at straight time or premium rates), overtime shift premium, call back pay, standby pay, and court reporter's transcription pay.

RETIREMENT REGULAR  
EARNINGS

All current and retroactive payments for services performed within the normal work schedule. Includes earnings for vacation, sick leave, holiday, military and education leave, jury duty, shift and other special premiums, supplemental disability and assault pay. Worker's Compensation payments are not included.

REQUISITION

A document issued by a department, approved by the Mayor's Office, Controller's Office, and the Civil Service Personnel Department to fill a position.

SEPARATION

An action which officially severs all employment activities of an employee with the City and County of San Francisco.

STANDARD PAY PERIOD

The number of hours normally worked by an employee in a given class in a given department.

VALIDATION

The notification from the Civil Service Commission to an appointing officer indicating its approval of an appointment.

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## BIBLIOGRAPHY

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## APPENDIX

## CONFIDENTIALITY OF PAYROLL/PERSONNEL INFORMATION

The development of a central data base containing detailed payroll and personnel information creates with it a need for policies and procedures which prohibit the misuse of information and protect the employee's rights to privacy. Those policies must place limits on the nature of information collected and stored by the payroll/personnel system and control access to that information.

The payroll/personnel system masterfile will potentially contain several categories of information required to support a variety of payroll and personnel functions:

### Category 1: Current Job Information

Employee Number	Tax Withholding Status
Employee Name	Voluntary Deductions
Employee Department	Active Garnishments
Classification	Sick and Vacation Leave
Employment Status	Balances
Employment Dates	Pay Distribution Location
Rate of Pay	Position Number

### Category 2: Personal Information

Home Address	Emergency Notification
Home Phone Number	Data
Race	Educational Background
Sex	Handicap Status
Spouse Data	Dependent Data

Category 3: Job Related Information

Union Membership	Disability Pay Data
Job Injury Absences	Prior Employment Data
Prior City Job History	Hours & Earnings History
Job Skills	Performance Evaluation
Leaves of Absence	Dates

Category 4: Summary and Statistical Information

Total number of employees by dept., class, type, and so on.	Average rates of pay Total salaries Cost of benefits
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Data specifically excluded from the payroll/personnel system:

- Employee arrest records
- Employee medical history records
- Employee performance evaluation results

Proposed Policy: Access to Payroll/Personnel Masterfile Information.

1. Unrestricted Access to All Categories of Information:

- Payroll Director
- General Manager of Personnel
- General Manager, Employees' Retirement System
- Director, Health Service System



2. Restricted Access to All Categories of Information:

A. City Department Executives and their designated representatives.

Restriction: Access only to information pertaining to the current employees of their respective departments.

B. Employee Relations Division.

Restriction: Access limited to departmental and system-wide statistics and summaries of data.

C. State and Federal government agencies.

Restriction: Access limited to statistical and summary information, employee tax status, employee payroll tax deductions. Access to employee job information requires specific approval by the Payroll Director.

D. Judicial agencies and attorneys not employed by the City and County.

Restriction: Legally supportable requests for information must be reviewed and approved by the Payroll Director prior to release of information. The Payroll Director may consult with the City Attorney's Office prior to granting approval.

E. Employee organizations and collective bargaining agencies.

Restriction: Information limited to payroll deduction data. Requests for additional information must be approved by the Payroll Director and/or the Employee Relations Division.

F. Commercial organizations, the media, and private citizens.

Restriction: Access to summary and statistical information only by approval of the Payroll Director. Access to employee information only by approval of the Payroll Director and limited to verification of employment.











